HIGH POINT FUELS, LLC

By

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Entrepreneurship

THE UNIVERSITY OF ARIZONA

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Abstract

High Point Fuels (HPF) is a business entity that will take waste and turn it into something of value. Specifically, HPF will convert green waste obtained from local landfills, and fats, oils and greases obtained from city restaurants to renewable liquid fuel. High Point Fuels will be able to create 2.2 million gallons of renewable liquid fuel annually, with 1.8 million being renewable diesel. The target market of HPF consists of school districts' transportation, municipalities, and independent gas stations. The renewable fuel produced from HPF will be sold under market price due to low material costs and an innovative operation process.

The Southern Arizona Venture Developers (SAVD) is a community-based model that looks to build and strengthen the entrepreneurial climate in Southern Arizona. The model focuses on creating a professional group, SAVD, made up of local industry experts among other local experts to help and mentor venture groups. The venture groups include at least one entrepreneur and an IP Owner. These venture groups will be formed by SAVD through a designed application and selection process. With this model implemented, it will help foster new businesses and retain talent in Southern Arizona.

Contributions

My contributions to the High Point Fuels business plan, like all my team members, was felt everywhere. Specifically, my major area of contribution was the technology and operation side of the business plan. I was the point person when it came to speaking with the technology company whose technology we would be acquiring. It was my responsibility to understand the technology and become competent in the science behind the technology. Also, I had a great deal of involvement in what personnel our company would need in order to run a successful operation. And, to make sure our fuel would be meeting EPA standards and ASTM regulations, I helped lead the research to obtaining the necessary information. Whenever help was needed with marketing and financial analysis, I was there to lend a helping hand. The writing of the paper was a team effort as we wrote what we specialized in, with mine dealing with technology and operations.

In the Southern Arizona Venture Developers project, I was able to contribute to every aspect about it with the collaboration of my partner. Each detail was spoken about between my partner and I until we came up with our final model. Through my research on highly successful entrepreneurial incubators, I was able to bring distinct facts and figures that helped shape the application process we implemented as well as the incentives part of our model. As for the writing of the paper, it was split half-and-half to make it fair.

HIGH POINT FUELS

Will Cochrane – General Manager
Caitlin Sandahl – Director of Marketing
Josh Constanti – Director of Finance
Garett Brock – Director of Technology

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Executive Summary

Overview
America's precarious crude oil dependency paired with the political momentum and public sentiment towards a more sustainable energy policy has created a growing demand for more sustainable liquid fuels. At High Point Fuels LLC, (HPF) we seek to address this market opportunity and produce sustainable liquid fuels in Arizona from a blend of green waste and fats, oils, and greases (FOGS).

Management Team
A team of 4 honors students with a variety of majors and internship experiences that enhance our individual team roles, we also have extreme passion for our venture and sufficient knowledge of the biofuels industry. Additionally, we have a strong board of directors with experts in the energy and fuel distribution business and a mentor that guides us through important business decisions.

The Demand for Sustainable Fuels
The Energy Independence and Security Act of 2007 mandates the use of billions of gallons of renewable fuels in the United States each year. Currently, the renewable fuels market is being dominated by biofuels, such as ethanol, that are derived from food sources. As commodity prices and global food consumption continue to rise, these food-based biofuels are viewed as unsustainable solutions. HPF offers an advanced biofuel that does not compromise global consumption demands.

Target Market
We will differentiate our target markets based on gasoline and diesel fuel customers. We will market our diesel to Arizona City Departments of Transportation and Unified School Districts, both mass consumers of the fuel who are challenged with annual budgets and would benefit from lower fuel expenses. Our gasoline will be targeted to independent gas stations in the greater Phoenix area, as there is a high incentive for these stations to be able to market their gasoline as domestically produced from renewable resources. We are able to control our input costs, which will allow us to sell our fuel below wholesale market price and structure long term contracts to the aforementioned type of clients.

Financials
In order to launch our venture, we are seeking $900,000 in external investment and are offering investors a 23% stake in our company. Our pre-money value is $2.9M. We will spend 90% of our initial funds on hard assets, including land, machinery, vehicle, and storage investments. Our operating expenses are low and will be covered by our revenue stream after 2 months. Year 5 revenues will exceed $14M while year 5 COGs will reach only $3.2M, contributing to a gross margin of 75%. An annual 5 year P&L statement is below:

Pro Forma Summary					
	Year 1	Year 2	Year 3	Year 4	Year 5
Net Sales	4,530,660	5,927,640	8,398,152	10,557,120	14,902,740
Total Operating Expenses	1,098,494	1,267,279	1,785,979	2,069,400	3,312,949
Net Profit	1,968,668	2,904,911	4,166,895	5,527,781	7,469,774
EBITDA	2,533,481	3,451,635	4,956,941	6,396,693	8,665,582

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I. Market Opportunity

With approximately 5% of the world's population, the United States is responsible for about 25% of annual global oil consumption. We import more than 65% of our oil from foreign countries, the top five being Canada, Mexico, Saudi Arabia, Nigeria, and Venezuela, which account for 72% of U.S. crude oil imports.[1] With political instability in the Middle East and increasing global demand for crude oil, gasoline prices are on a perpetual rise. The U.S has little control over this issue, even though our economy, infrastructure, and essentially our way of life are all dependent on the volatile market for oil. The United States' growing dependence on foreign oil is widely recognized as our nation's Achilles heel and the negative affects of increasing fuel expenses do not complement this issue.

Our venture concept provides an alternative way to produce gasoline and diesel that requires no risky drilling and can ultimately reduce the dependency on foreign oil.

At High Point Fuels (HPF), we have developed a process of collecting green waste and fats, oils, and greases (FOGS) to produce highway-ready gasoline and diesel using a cutting edge, proprietary system exclusively purchased from a third party. We will produce over 2 million gallons of highway-ready fuel each year and sell to independent gas stations, school districts, and municipalities in Arizona who are dissatisfied with high, volatile fuel prices. We will contract with our customers and sell our gasoline and diesel below the wholesale market price. The fuel produced is drop-in ready, and will work in any engine. However, in order to be EPA certified we will be blending our fuel with 20% petro fuel. From a technical perspective, there is no need to do this, but from a regulatory perspective, we will be following all EPA standards.

The Need for Low-Carbon Fuels

The worldwide consensus, led by the United Nations' Intergovernmental Panel on Climate Change, is that global warming is a large danger to our planet. If left unchecked, global warming could potentially result in cataclysmic consequences. Various studies have proven that global warming is caused in large part by human activity, with the combustion of transportation fuels accounting for a substantial portion of the greenhouse gas emissions.[2] One obvious solution is to produce greater volumes of low-carbon versions of such fuels.

Federal Initiatives

In 2007, the Energy Independence and Security Act was passed to expand on the Renewable Fuel Standard passed as a part of the Energy Act of 2005. This new Renewable Fuel Standard, RFS2, was largely created to address both of the aforementioned concerns. RFS2 mandates the minimum yearly usage of renewable fuels by the companies that sell and/or distribute transportation fuels in the U.S: 13.95 billion gallons in 2011, increasing incrementally each year to 36 billion gallons in 2022. More importantly, no more than 15 billion gallons per year of corn-derived ethanol can be used to satisfy the RFS2 requirements.[3]

According to Advanced Biofuels USA, a non-profit educational organization, the renewable fuels market is currently being dominated by corn-derived ethanol. However, there are concerns regarding a potential conflict of interest between growing food and growing fuel. As commodity prices and global food consumption continue to rise, these food-based biofuels are viewed as unsustainable solutions.

The long-term fuel objectives of the United States are to domestically produce sustainable fuel from non-food sources.[4] Ultimately, cellulosic ethanol production, which is the production of biofuel from wood and grass, has increased in popularity and is guiding the trend of biofuels into an advanced stage, which we are practicing at HPF by offering an advanced, sustainable biofuel.

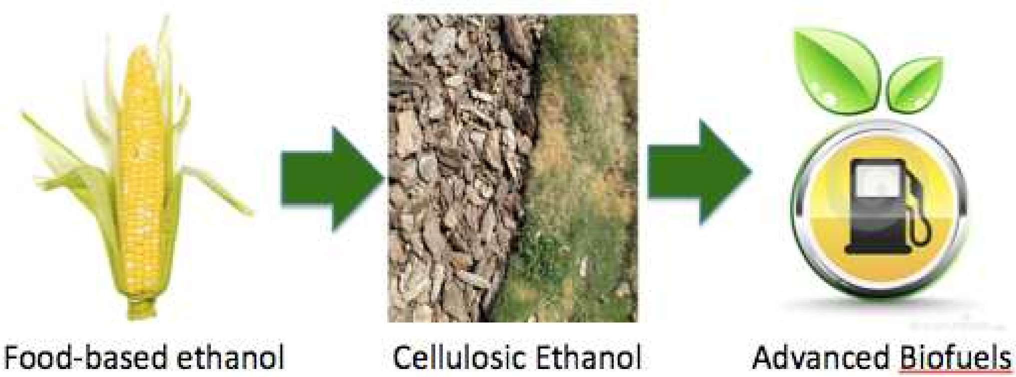


Figure 1: Biofuels Trend

Impact of Rising Fuel Prices on City Budgets

In our recovering economy, cities and states across the nation are dealing with large deficits. As these public entities seek to tighten their budgets, High Point Fuels has a solution. We can offer liquid fuel and a low cost, with a price ceiling, for departments of transportation. This will both reduce fuel expenses for these aforementioned parties and also offer protection from a potential spike in the commodity price of crude oil. These savings can potentially reduce cutting important public programs from budgets.

II. Management Team and Board of Directors

Our management team is full of passion and vigor regarding the advancement of more sustainable fuel usage within the United States. Furthermore, this management team has emerged from the globally ranked McGuire Center for Entrepreneurship. A strong, experienced board of directors will back this management team. This board has extensive experience in the biofuels industry and also with the oversight of innovative start up firms.

Management Team

Will Cochrane, General Manager, is currently a private equity analyst at Clean Energy Capital, a Tucson firm with a focus on investments in the biofuels industry. At Clean Energy Capital, Will works closely with some of the top investors in the alternative fuels. This exposure has given Will a strong background analyzing and modeling alternative fuel start-ups. Additionally, Will has further developed his entrepreneurial skills interning with SCORE, a small business consulting organization. Will is a Finance and Entrepreneurship major in the Honors College at the University of Arizona, and will graduate in May. With his leadership and broad business background, he oversees all facets of High Point Fuels.

Garett Brock, Director of Technology, has internship experience as a Business Technology Analyst at JPMorgan & Chase Co. This experience has given Garett key knowledge in operations management as well as the surrounding technology that encompasses a successfully operated company. Garett is a senior honors student at the University of Arizona, double majoring in Management Information Systems and Entrepreneurship, and will also be graduating in May.

Josh Constanti, Director of Finance, has worked for two start-up companies over the past three years, a VC firm in 2009 and an HR management firm continually since 2008. Working in the intense, start-up environment has given Josh tangible experience to offer High Point Fuels. He has also worked for Sempra Energy, which afforded Josh additional insight into the energy generation and distribution industry. Josh will be graduating in May as an undergraduate senior Finance and Entrepreneurship major at the University of Arizona.

Caitlin Sandahl, Director of Marketing, has had a great deal of experience with marketing and customer service, and she is a valuable asset particularly in our human resources department. She has spent two consecutive summers as a marketing assistant at the Greer Lodge Resort & Cabins where she has gained extensive knowledge and training for a variety of marketing tools, and she has also had experience working in customer service at a Williams-Sonoma retail store. Her skills are not limited to marketing, and she contributes to each department of High Point Fuels. Caitlin is currently a junior in the honors college at the UofA, majoring in Marketing and Entrepreneurship, and will graduate next May.

To view each member's resume, please reference Appendix D.

Board of Directors (to date):
Bob Morrison (*Mentor in Residence*, McGuire Center for Entrepreneurship)
Bob has been involved in all phases of technology business development. He is a founder of Sunquest Information Systems, which became the world's largest vendor of hospital laboratory information automation products. He currently serves as the Executive Director of Tucson's Desert Angels, which is a group of local investors that focus on early stage companies.

Jonathan Henness (*Director of Financial Analysis and Research*, Clean Energy Capital)
Jonathan has over five years of experience researching and analyzing investment opportunities in the clean energy industry, particularly biofuels. At Clean Energy Capital, he drives the firm's efforts in developing proprietary financial and valuation models, authoring and publishing firm's research articles and whitepapers on the clean energy industry.

Larry Davis (*Manager*, Arizona Fuel Distributers)
Larry has over fifteen years of experience distributing fuel in the state of Arizona. He has been a reliable contact for High Point Fuels and has invaluable information and insight about efficient fuel distribution tactics. Larry has incredible passion for the fuel industry, and takes great pride in his work.

III. Venture Solution

Waste to Fuel
At HPF will be converting waste into fuel. Our process will create value by helping to alleviate our customers' problem of having to pay high, volatile fuel prices. Due to several strategic decisions that will keep our costs low, we will be able to offer our customers long-term fuel contracts below the wholesale market price. These strategic decisions are as follows:

1. Our process inputs, or feedstock, are green waste that will be sourced from local landfills, and fats, oils, and greases (FOGS) that will be gathered from nearby restaurants. Landfills currently deal with green waste by letting it rot at their sites. Green waste consists of organic material such as tree clippings, grass trimmings, and bark. Landscaping companies and individuals in Phoenix dump large amounts of this material daily. This green waste then takes up landfill space, and according to the EPA, releases dangerous greenhouse gases as it decomposes. We have spoken with several landfill representatives, and they seemed eager to offload this feedstock for free. Local restaurants will also be eager to offload their byproducts of fats, oils, and greases. Restaurants currently dispose of this material by paying third parties for removal, and we will be collecting these FOGS at no fee.

2. We will source our raw materials from nearby locations. Our initial site of operation will be strategically positioned near a local landfill and city restaurants. We will be using our own gasoline for all of the company's means of transportation, but by positioning our site near these amenities, we will be minimizing our transportation costs. We will be located within several miles of a landfill and numerous restaurants where we can procure green waste and FOGS, respectively.

   There is land for sale in Phoenix located near the 27th Avenue Solid Waste Management Facility, which we will purchase for $250,000. According to a Tucson landfill owner, an average landfill collects 22,000 tons of green waste each year, and we will be collecting about 1,000 tons of this green waste each month once we reach full capacity. We will utilize the company dump truck to collect the green waste from the landfill and haul it back to our site.

   There are multiple restaurants in close proximity to the landfill and our plant site, at which we will extract fats, oils, and greases (FOGS) from the grease traps with our grease collection tanker. The convenient location of the landfill and restaurants in relation to our plant site will help to keep our costs low, and will allow for more efficient productivity.

   Together, the green waste and FOGS we will collect each month will provide us with enough input in order to produce up to 2 million gallons of diesel and 200,000 gallons of gasoline per machine, annually.

Figure 2: Initial Plant Site Location - a Google map of our initial plant site location in relation to the 27th avenue solid waste management facility and local restaurants.

3. Our technology will allow us to operate a very lean operation. Each plant site will require a limited number of laborers and full time employees. This will help keep costs down.

   By working with waste, operating at a location close to our raw materials, and producing fuel with machinery that requires minimal laborers and operating costs, our company can provide a viable solution to our customers. Once we have gathered the necessary green waste and FOGS, we will blend it together and feed it into our biorefinery system.

Biorefinery Technology

In order to convert our feedstock into liquid fuel we will rely on a biorefinery system that we will acquire from a third party, Unified Fuels. Unified Fuels has created a biorefinery system that takes feedstock with a certain BTU blend, such as our blend of green waste and FOGS, to create gasoline and diesel fuel. The fuel that is produced from this system does not need to be refined multiple times like current liquid fuels from fossil fuel sources. The fuel generated by a United Fuels prototype system is on par with ASTM D-975 standards. Although each of our individual plants will require certification, we are confident in the quality of our product.

Figure 3: Unified Fuels Machine - a picture of the machine we will be acquiring from Unified Fuels.

In our acquisition of Unified Fuels' Biorefinery System, we will be establishing an exclusive licensing agreement with the company in exchange for 5% of our total revenue to be distributed as royalty fees. The exclusive licensing agreement will allow us to be the exclusive holder of Unified Fuels' biorefinery system in Arizona for 5 years.

This piece of technology will allow us to process nearly 12,000 tons of waste annually. Once processed through the biorefinery system, our company will have 2 million gallons of diesel and 200,000 gallons of gasoline to distribute each year. Another output of this biorefinery system is 50 million cubic feet of syngas annually. Our Unified Fuels system is designed to utilize this syngas byproduct as a power source. Each system will produce continuous power that will run each biorefinery system. Due to this closed-loop system,
we will not have to pay for any addition utility costs. Furthermore, this will ensure that our biorefinery plant is not emitting any dangerous gases into the atmosphere. A final byproduct is a relatively small amount of non-toxic inorganic ash. This will be marketed to the cement manufacturing industry and the fertilizer industry.

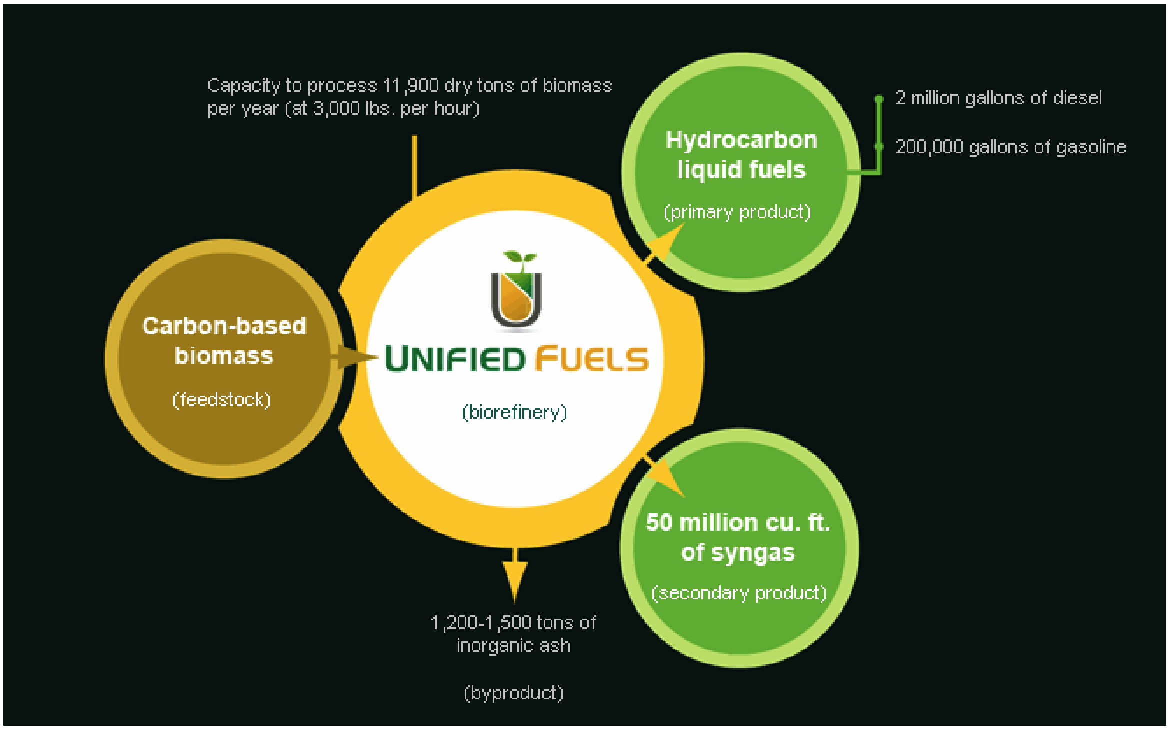


Figure 4: Machine Inputs & Outputs - total annual inputs and outputs of each Unified Fuels system.

For more information about the biorefinery system, please reference Appendix A.

Our Fuel

The Biorefinery System produces diesel and gasoline fuel that is 'drop-in' ready and according to the EPA, meets ASTM standards, such as ASTM D-975 for diesel fuel. 'Drop-in' ready means the fuel can be placed into an automobile without any modification and it will run. In order for our fuel to be allowed on the highway

(highway-ready), it must be EPA certified. Our fuel will meet these strict EPA regulations once we blend our fuel with petrol fuel to create a B80 blend (80% Renewable Fuel and 20% Petrol Fuel).

Labor

- Chemical Engineering Technician (Salary):
  - Our chemical engineering technician will be responsible for creating the correct BTU rating for our biomass feedstock blend. He or she will also be responsible for creating the correct fuel blend with the fuel produced from our Biorefinery System and the petrol fuel we purchased. There will be a chemical engineering technician at each plant site we open.
- Plant Manager (Salary):
  - Our plant manager will be responsible for the oversight of the plant. He or she will make sure employees are on task and site operations are running smoothly. There will be a plant manager at each plant site we open.
- Process Control Operator (Salary):
  - Our process control operator will be responsible for making sure the operations dealing with the Biorefinery System are running at near full capacity while ensuring all operational processes are to industry standards and to our company's quality of standard. There will be a process control operator at each plant site we open.
- General Laborer (Hourly):
  - Our general laborers will be responsible for gathering the green waste from the landfills and the fats, oils, and greases from the restaurants. They will also be enlisted with the task of prepping the feedstock to make it ready for the Biorefinery System. The general laborers will help with any other day-to-day tasks around the plant site that they are qualified for. Our company will employee 8 general laborers at the start, and will hire more on an as needed basis.

Distribution

We will work with Desert Refined Products Transport, a company that currently hauls fuel for various distribution companies in the Phoenix area at a cost of $0.02 per gallon, to distribute our final liquid fuel products to our customers. Each time we receive an order for fuel, we will have Desert Refined Products Transport's trucks fill up at our liquid fuel storage tanks on site and distribute our fuel to the appropriate customers. We plan to present this company with a letter of intent for their distribution services, and we will contract with this company for 2 years at a time. This letter of intent can be found in Appendix C.

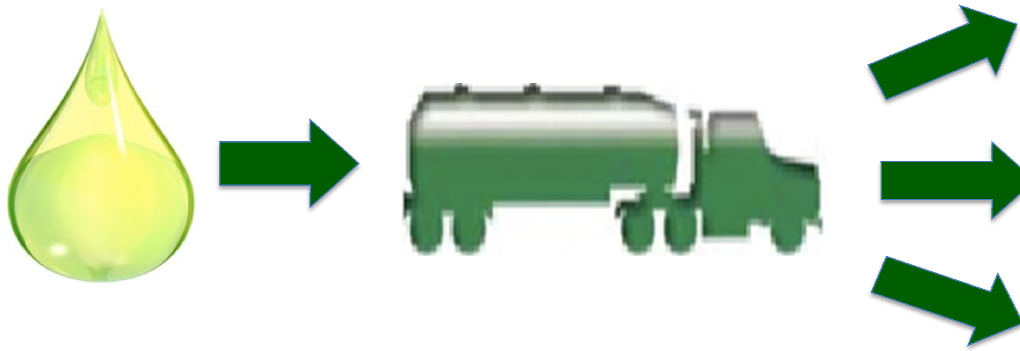


Figure 5: Distribution Method

IV. Target Market

Independent Gas Stations

There are 28 unbranded gas stations in the greater Phoenix area, and we will begin by targeting our gasoline to these stations. In addition to the savings that would result from contracting with High Point Fuels, there is high incentive for these stations to be able to market gasoline that is domestically produced from renewable resources. We plan to contract with these stations for 2 years at a time, and we will present them with a letter of intent so that the contracts will be legal and binding. The letter of intent we will present to our independent gas station customers can be found in Appendix C.

School Districts

We will market our diesel to the larger school districts in the greater Phoenix area, which include Paradise Valley, Scottsdale, Mesa, Peoria, Gilbert, Deer Valley, and Chandler Unified School Districts. Each of these school districts has hundreds of buses, traveling millions of miles annually, which results in high fuel expenses. As school districts struggle to meet their annual budgets, the savings they will realize by purchasing their diesel with HPF is substantial. Because school districts tend to make budgeting plans a year at a time, we plan to contract with these customers for a year at a time as well. We will present these customers with a different letter of intent, also legal and binding, which can be found in Appendix C as well.

Municipalities

We will also be targeting city transportation departments that consume diesel for city buses, construction vehicles, garbage trucks, and other modes of transportation, as our low costs will save the city money as well. This brings us to our circular business plan, as we begin and end with municipalities. We will be working with the city landfill to collect green waste, only to produce diesel for the city's vehicles. This is another innovative idea High Point Fuels has to offer. Because municipalities tend to make budgets a year in advance, we plan to contract

with city transportation departments for one year. We will present these customers with a letter of intent, also legal and binding, which can be found in Appendix C.

V. Industry Analysis & Competition

Global Fuel Market

According to the U.S. Energy Information Administration (EIA), world crude oil and liquid fuel consumption increased by 2.4 million barrels in 2010, to a total consumption level of 86.7 million barrels per day. Annually, this marked the second largest increase in the last 30 years. This growth offset the slight decrease in consumption resulting from the recent economic downturn, and surpassed the 2007 level of 86.3 million barrels per day. Global oil consumption is expected to continue to grow over the next two years at a pace of 1.5 million barrels per day [5].

Furthermore, there are a number of significant uncertainties that could put further stress on global demand and potentially drive oil prices higher. Most notable among these uncertainties is the possibility that the current social and political unrest in the Middle East will persist for a long period of time, threatening supply from the region.

The combination of the perpetually rising crude oil demand and the current unrest in the Middle East will likely continue to drive up gasoline and diesel prices through 2011. As prices rise for these traditional liquid fuels, more attention will be directed towards renewable fuels. This, paired with the artificial demand for biofuels being generated by the U.S. RFS2 mandate will drive demand for domestic biofuels. The RFS2 mandate alone will increase the usage of renewable from 13.95 billion gallons in 2011 to 36 billon gallons in 2022. [6] At High Point Fuels, we are eager to take advantage of this market momentum.

Competition

On a macro level, we are competing with America's dependence on crude oil. As a result of this dependence, however, the U.S. has an established fuel infrastructure, which will provide for our company. On the other hand, the liquid fuel supply chain is entirely geared towards the petroleum based wholesale fuel market. The majority of distributers, fuel pipelines, and underground storage tanks across the country are all used exclusively for oil-based fuel. This presents a challenging environment for our small renewable fuel company. To combat this challenge we are targeting niche customers and contracting the delivery of our product.

With our liquid fuel, we have two groups of competitors: large liquid fuel providers and local biofuel companies. The first group includes large, established fuel providers such as Valero, Chevron, and Shell. While these companies have the advantage of size, scale, and reputation, they are susceptible to fluctuations in oil prices. When prices rise, these companies pass on the cost to their customers. At High Point Fuels, we can offer quality fuel at lower prices.

Our second, less established group of competitors includes the local biofuels market. In the state of Arizona there are a small number of companies that produce very similar biodiesel fuels.

Below is a table of our primary competitors in this market:

Company	Location	Primary Feedstock
AZ Biodiesel	Gilbert, AZ	Vegetable Oil
AMERECO Biofuels Corp	Arlington, AZ	Vegetable Oil
Grecycle Arizona	Tucson, AZ	Vegetable Oil
REV Biodiesel	Gilbert, AZ	Vegetable Oil
XL Renewables	Casa Grande, AZ	Algae
PetroSun	Phoenix, AZ	Algae

Figure 6: Primary Competitors

Although these companies have similar product offerings, there are several important distinctions that will give us the ability to offer a superior product at a lower cost to our customers:

The majority of these companies utilize vegetable oil for their primary feedstock. Biodiesel derived primarily from vegetable oil has several issues. It acts as a more pronounced solvent compared to our biodiesel fuel and traditional diesel fuel. As a result, any sediment in the fuel system can be washed into the engine's filter and fuel injections, potentially causing reduction in fuel flow. Additionally, vegetable oil-derived biodiesel is more likely to attract higher levels of moisture. When temperatures drop, deposits of water can form in the fuel, damaging the engine.[7] While these issues persist for all biodiesels, they are more serious in biodiesel derived primarily from vegetable oil. At High Point Fuels, we utilize green waste as our primary feedstock and can offer higher quality biodiesel to our competitors.

The biodiesel companies dependent on algae are not currently serious competitors due to their more experimental nature. Algae based biodiesel is a very young technology and has not yet been proven. The costs associated with this technology are currently too high to be cost competitive on a commercial scale. Furthermore, growing algae on a commercial scale requires acres of land, which add significant operational costs to the process. These costs may decrease over time, but until then algae-derived biodiesel companies will not provide serious competition to our operations at High Point Fuels.

VI. Competitive Advantage

Exclusive First Movers
Operations for turning waste into fuel using a biorefinery system in the state of Arizona are nonexistent. High Point Fuels LLC would be the first and only operating biorefinery system within the state. By being the first company to produce fuel from waste in Arizona, our company will be able to establish and become a name brand within the state of Arizona. Also, with the exclusive licensing agreement with Unified Fuels, we will be the only company with their biorefinery system in the Arizona for five years.

Location and Materials
The raw materials we use to create our fuel provide our company a significant advantage over fossil fuel producing companies. Our input materials to produce our diesel and gasoline are drastically cheaper because our materials are waste products that can be found at any landfill or restaurant, while fossil fuel producing companies must obtain their material by drilling into the earth. In the end, our materials are what help our company set our fuel prices below what the market has their prices at those of the market.

The location of our operation site is strategic, and gives us an advantage over our competitors. Our biorefinery system will be producing fuel in close proximity to where we will be obtaining our input materials, as well as where our customers are located. This allows for our transportation costs of both our materials and fuel to be as minimal as possible. Again, in the end, this strategic decision turned advantage helps make it possible for our company to sell below market priced fuel.

Contract Deals
The capability of our company to set less expensive gasoline and diesel fuel prices sets us apart from every fossil fuel producing company out there. Not only does our company have less expensive fuel prices, we have the ease of mind of not having to worry about fluctuating oil prices from abroad. Due to the stability of our raw materials, our company is able to respond to market price fluctuations better than our competitors in the fuel industry. This allows us the advantage of conjuring long-term contract deals with our customers.

VII. Alternative Values

Primary Benefits
The creation of any new business stimulates the economy and provides opportunity for employment, but our company will provide alternative values to society and the environment as well. The primary alternative benefits our company will provide include reducing green waste from landfills, which, according to the EPA, would otherwise harm

the environment with greenhouse gas emissions. There are many problems associated with landfills, such as contaminated water run-off, harmful methane and CO2 gas emission, and the lack of space available for waste. By collecting green waste from landfills we will also help to reduce the threat of these issues on the environment. Specifically, local governments are affected by over-use of landfills because they are tasked with limiting future waste generation. We will be eliminating waste from landfills and using it to create gasoline and diesel for independent gas stations, school districts, and municipalities.

All Americans are also affected by our country's dependency on foreign oil and the harmful affects that drilling for and refining oil have on the environment. Our company produces gasoline and diesel without having to harm the earth or encounter the dangerous risks or drilling.

Ancillary Benefits

Because our inputs are relatively accessible at a low cost, we can provide stability in the prices of our products. This is beneficial to our customers who would otherwise have to face high price fluctuation in the case of changes to the fuel industry and market.

Tradeoffs

As for any company, there are tradeoffs to all the benefits our venture can provide. We are reliant on transportation, whether we transport landfill waste or FOGS to our facility or gasoline and diesel to independent gas stations, school districts, and cities, and so we will still have a carbon footprint and emit pollution into the environment.

VIII. Marketing Strategy

While the current methods of fuel production render controversy, our process does not cause harm to society or the environment. We will not be drilling, working with foreign countries, or even using food stock to produce our gasoline and diesel. By eliminating green waste, we free up space in landfills and even reduce green house gas emissions. It will not be difficult to sell our services and products, especially due to all of these highlighted attributes.

Much of our business will be contracted, and promotion will be personalized rather than made public. We will take the initiative to contact potential customers, and we believe word of mouth will also be very effective. However, we will advertise our product in order to attract new potential customers, and we will dedicate 10% of our gasoline sales to our marketing efforts. Our promotional efforts will include trade shows, advertisements, information sessions, seminars, and public relations.

IX. Sales Strategy

Using a Business-to-Business sales technique, we will be selling our highway-ready gasoline to independent gas stations and our highway-ready diesel to school districts and municipalities in Arizona. As an incentive for customers to contract with our company, we will sell our fuel for $0.05 below wholesale market price, which ensures our customers will be saving money. In order to protect our customers from extreme volatility, we will set a price ceiling of $4.00/gallon. For example, if fuel prices were to rise to $4.50/gallon, our customers would be locked in at a lower price.

Since retail fuel prices are usually marked up $0.15 above wholesale market price, customers who currently purchase fuel at retail price will be saving at least $0.20 per gallon if they contract with HPF.

For example, the Paradise Valley Unified School District fills up their buses at local gas stations, paying retail price. It has 166 buses that travel over 2.15 million miles annually. School buses have an average fuel consumption of 7 miles per gallon, which results in about 307,142 gallons of diesel for these buses each year.[8] If they were to contract with HPF, they would save $0.20 per gallon of diesel. This would result in annual savings of more than $61,000. Based on the 2010 monthly recorded diesel prices[9], and Paradise Valley Unified School District's monthly consumption of diesel, the savings they would have realized in 2010 had they been a HPF customer, are shown below.

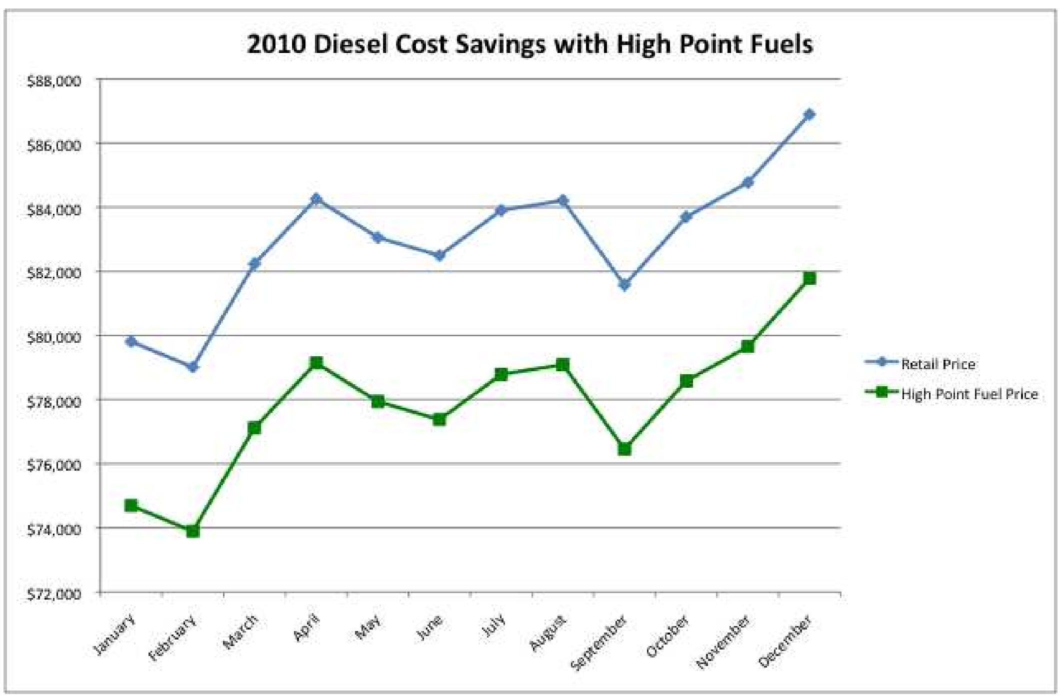


Figure 7: PV 2010 Savings

X. Business Model

On a very basic level, our business model involves the production and sale of liquid fuels. However, we have implemented several innovations to create demand for our product. We will offer our liquid fuel product at a cost of $0.05 below the wholesale market price with a price ceiling of $4.00/gallon. This ceiling price feature will only be available to customers that sign multiyear contracts with High Point Fuels as their exclusive provider.

As previously mentioned, we are able to offer lower prices to our customers due to the innovative cost savings of our plant design and implementation.

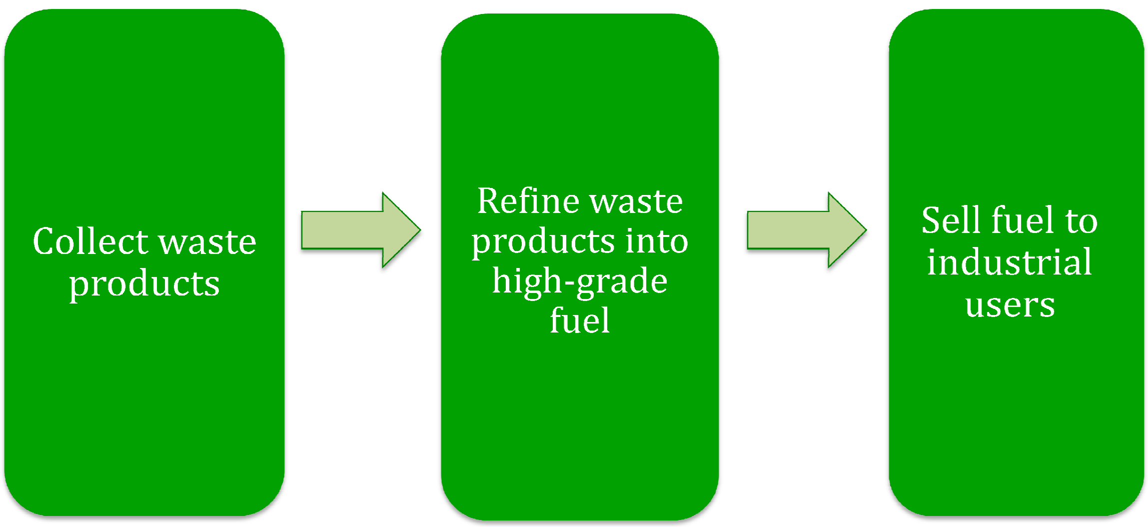


Figure 8: Business Model

We will primarily market our liquid fuel to public entities such as city departments of transportation and city school districts. Due to the fact that the majority of landfills are city owned, this allows us to create a circular business model. At High Point Fuels we will be collecting waste from the cities, processing it, and selling it back to them as liquid fuel. This circular model will create local jobs and generate large amounts of goodwill.

XI. Financials

Revenues

Revenues					
	Year 1	Year 2	Year 3	Year 4	Year 5
Gasoline	393,960	514,560	728,960	916,560	1,294,440
Diesel	4,130,700	5,395,200	7,643,200	9,610,200	13,572,300

We will be selling our fuel at $0.05 below wholesale market price, with a price ceiling of $4.00/gallon. In order to maintain conservative financials, we set our selling price for diesel at $2.81 and our selling price for gasoline at $2.68, which are reflective of the past 6 year average prices, respectively. Due to the current trend of rising fuel prices, it is highly unlikely that our selling price will remain at these low levels through 2016. Ultimately, as prices rise, we will realize a greater revenue stream. However, as previously mentioned, we have conservatively represented our financials due to the volatility with fuel prices. We strongly believe that with this successful sales approach, the demand for fuel, and our long-term contract offerings, we will be able to sell all of the fuel we produce.

Expenses

Cost of Sales					
	Year 1	Year 2	Year 3	Year 4	Year 5
Materials	904,050	1,180,800	1,672,800	2,103,300	2,970,450
Labor	207,829	271,942	385,284	484,324	683,664
Other	32,840	43,730	62,006	77,770	109,260

Our cost of sales is extremely low in comparison to those of the industry. Our COGS is primarily comprised of labor costs and material costs. Our only material cost is purchasing petrol oil to blend at a 20% rate with our diesel fuel to meet EPA standard. Labor accounts for the general laborers we will hire at an hourly wage to collect, transport, and input our feedstock. These factors result in a gross margin of 75%, which will allow our company to pay-off the large capital expenditures, and continue expanding, in a timely manner. "Other" expenses include transportation and distribution costs of our final fuel products.

Major Operating Expenses					
	Year 1	Year 2	Year 3	Year 4	Year 5
Salaries and wages	249,400	297,368	310,944	315,528	528,461
Payroll taxes	19,079	22,749	23,787	24,138	40,427
Employee benefits	24,940	29,737	31,094	31,553	52,846
Depreciation	246,034	287,746	464,858	574,367	839,165
Bad debt expense	91,229	118,553	167,963	211,142	298,055
Digestion System	54,000	54,000	103,500	108,000	216,000
Insurance	48,000	48,000	70,000	72,000	144,000
EPA Certification	50,000	-	50,000	-	50,000
SG&A Expense	16,300	20,367	35,133	41,867	64,300
Fuel Storage	16,300	20,367	35,133	41,867	64,300
Advertising Exp	39,664	51,456	72,896	91,656	129,444
Legal Fees	12,000	12,000	12,000	12,000	12,000
Royalty Fees to UF	227,772	295,488	418,608	526,338	743,337
Total Operating Expenses	1,094,718	1,257,829	1,795,917	2,050,455	3,182,335

The majority of our operating expenses are devoted to three categories: salaries, depreciation, and royalty fees paid to Unified Fuels. We also anticipate testing fees associated with becoming certified with the EPA. Our advertising expenses are calculated as 10% of our gasoline sales because we will actively be trying to sell our product in a competitive market. We do not believe we will have to advertise to sell our diesel products to city transportation departments and school districts.

Pro Forma Summary

Pro Forma Summary					
	Year 1	Year 2	Year 3	Year 4	Year 5
Net Sales	4,530,660	5,927,640	8,398,152	10,557,120	14,902,740
Total Operating Expenses	1,098,494	1,267,279	1,785,979	2,069,400	3,312,949
Net Profit	1,968,668	2,904,911	4,166,895	5,527,781	7,469,774
EBITDA	2,533,481	3,451,635	4,956,941	6,396,693	8,665,582

As our operations commence, we will ramp-up production for Machine 1 until full capacity is reached at month 18. We will purchase Machine 2 at month 25 when our company is established in the market and has enough cash to make the purchase, at which point production will increase until nearly full capacity is reached again. We will put down $1.5M with cash from revenues and pay the remaining $2.7M of the machine over a 12-month period with interest. We are not projecting that we will reach full capacity of both machines at our Phoenix site because the landfill does not have the volume of green waste necessary to support full capacity of both machines.

At the beginning of year 5, we will have successfully accumulated a high enough cash flow to expand our operations to Tucson, near the Los Reales Landfill. We will purchase this land and a third machine upfront, and begin our operation in Tucson. The lower net profit in year 5 reflects this business expansion and resulting capital expenditures. We will increase production on the same ramp-up schedule as was used for the first machine until full capacity is reached.

Funding Proposal

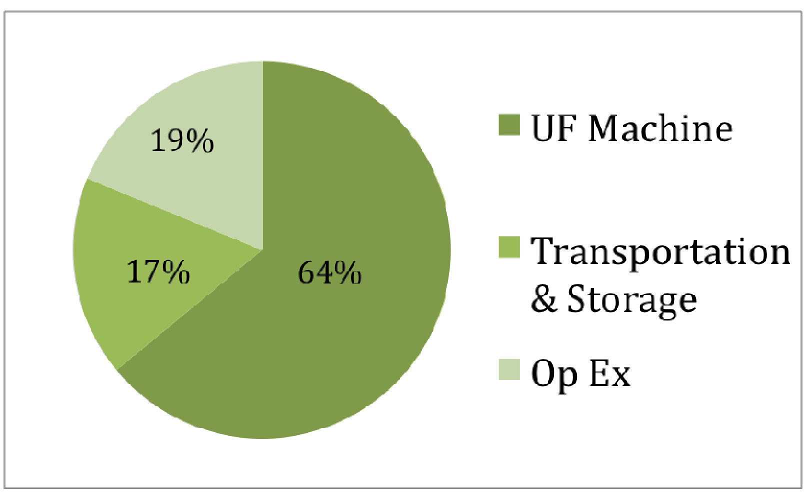
We are requesting $900,000 from outside investors and will offer a 23% stake in our company. As founders, we will raise $350,000 dollars from family and friends and personal lines of credit, giving us a 77% stake in the company. A breakdown of the required funding is below:

Required Funding	
Founders	$350,000
Investors	$900,000
Total	$1,250,000

Based on our exit value of $57.6M at year 5, we think it is possible to generate a 15x return ($13.5M) for the initial $0.9M investment. Our pre-money valuation is $2.94M while our post-money valuation is $3.84M.

Use of Funds

81% of the funding we receive will be used to purchase hard assets, which includes a $840,000 down payment for the Unified Fuels Machine, and 19% will be allocated to our operating expenses. This concentration on hard assets will give our company collateral to help reduce risk to all involved in our venture. A breakdown of our hard assets and use of funds are shown below.



Hard Assets (81%)	
Unified Fuels Machine	$4.2M ($840K down payment)
Liquid Fuels Storage	60,000
Ash Storage	$20,000
Feedstock Grinder	$20,000
Dump Truck	$20,000
Excavator	$70,000
Grease Tanker	$25,000

With the purchase of our first machine, we will finance the total $4.2M cost through Unified Fuels. Based on Unified Fuel's former contracts we have estimated that we will pay $840,000 as a down payment. The remaining $3.36M will be paid at a 10% interest rate over 2 years. We will also be paying Unified Fuels 5% of our total revenue as a form of royalty fees for allowing us to be the exclusive operators of their machine in Arizona.

For more information about our financials, and to see our financial statements, please refer to Appendix B.

XII. Business Summary

At High Point Fuels, we will produce more than 2 million gallons of drop-in ready fuel, which we will sell to independent gas stations, school districts, and municipalities in Arizona. In order to successfully launch our business, we will need a total of $900,000 from outside investors. In exchange for this money, we are offering 23% equity stake and a chance to be a part of this cutting-edge venture. Fuel is moving forward with innovation, and this is your chance to be a part of this new trend. Our team is full of passion and excitement, and we look forward to working with equally as passionate individuals who can fully understand the great potentials the environment and hard-workers have to offer, especially when paired together.

XIII. Appendices

Appendix A – Unified Fuels

Unified Fuels System [10]

- Since our Biorefinery System only requires 110 kilowatts of continuous power, we will have ample power left over from the 2.65 megawatts produced from our system.
- With the power left over from the 2.65 megawatts, our company will look to sell our power to the grid.
- Our company will start considering this option once our company is established in the intended market we will be entering.

Pyrolyctic Gasification

- *Pyrolysis* – the thermal degradation of carbon-based material in the absence of air
- *Gasification* – the process of converting carbon material into gas
- Pyrolyctic Gasification is what breaks down our feedstock and converts the feedstock into a gas state
- In the conversion process this process is known as vaporization

Liquefaction

- *Liquefaction* – process of turning gas into a liquid
- We will be using condensation to convert our gas into liquid, which is what it is known as in the conversion process

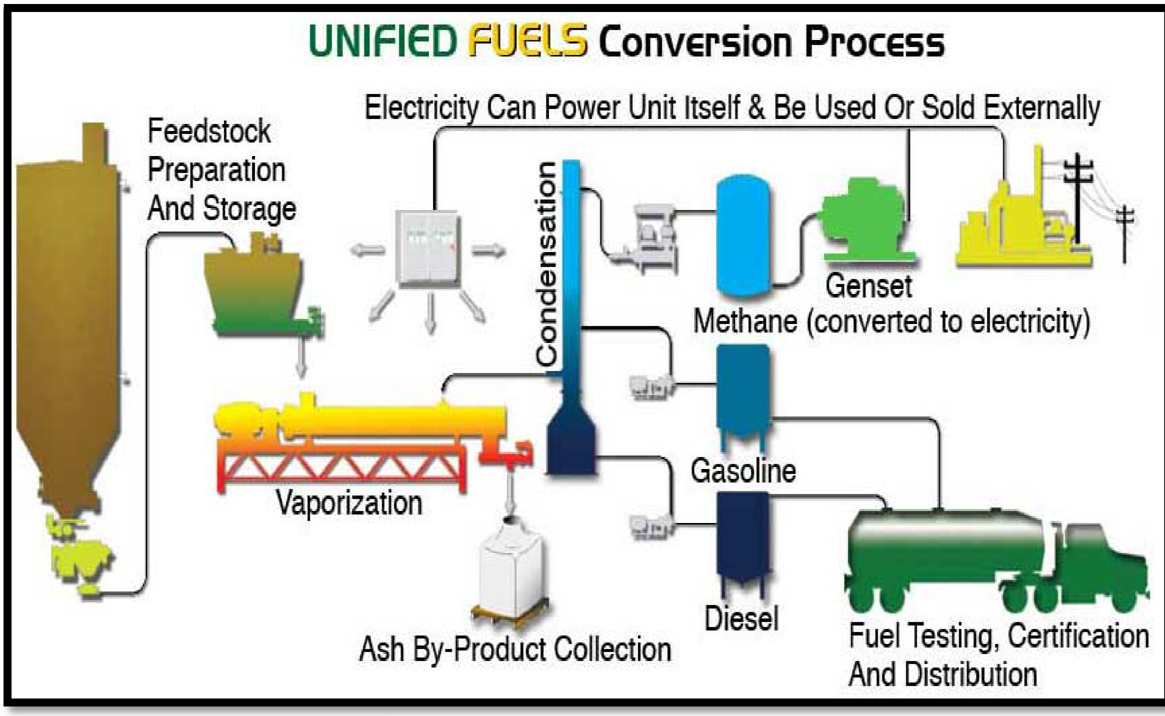
British Thermal Unit

- *British Thermal Unit (BTU*) – a traditional unit of energy
- Our Biorefinery System requires a certain BTU level to create the liquid fuels
- We will be creating a mixture containing green waste and fats, oils, and greases
- Below is a table showing BTU levels:

Feedstock	BTU
Algae	13,000 BTU/lb
Fats, oils, and greases (FOG)	12,000 – 15,000 BTU/lb
Wood	6,500 – 8,000 BTU/lb
Plastics	12,000 – 17,000 BTU/lb
Distillers grain	8,000 – 9,000 BTU/lb
Vegetable waste	4,000 – 7,500 BTU/lb
Unified Fuels Biorefinery System	**>11,500 BTU/lb.**

The Conversion Process

- This is a diagram of our whole waste-to-fuel conversion process:



System Requirements

- 110kW of continuous power
- 4,600 square feet area
    - Plant Footprint: 115ft x 40ft
    - Plant Footprint: highest at 25ft
    - Fuel tanks can be outdoors
- No water required

System Inputs

- Biomass Feedstock (BTU Rating: >11,900 BTU/lb.):
    - Algae
    - Fats, oils, and greases (FOG)
    - Wood
    - Plastics
    - Distiller grain
    - Animal waste and manures
    - Vegetable waste
- Moisture Content: below 5%

- Ash Content: below 10%

System Outputs

- 2 million gallons of diesel/yr
- 200,000 gallons of gasoline/yr
- 50 million cubic ft of mid-level syngas/yr
    - Generates 2.65 megawatts of continuous power
- 1,200 – 1,500 tons of non-toxic inorganic ash

Overall Performance

- Converts 24 million dry pounds of biomass per year
    - Equal to 3,000lbs/hr
- Zero emissions

Appendix B - Financials

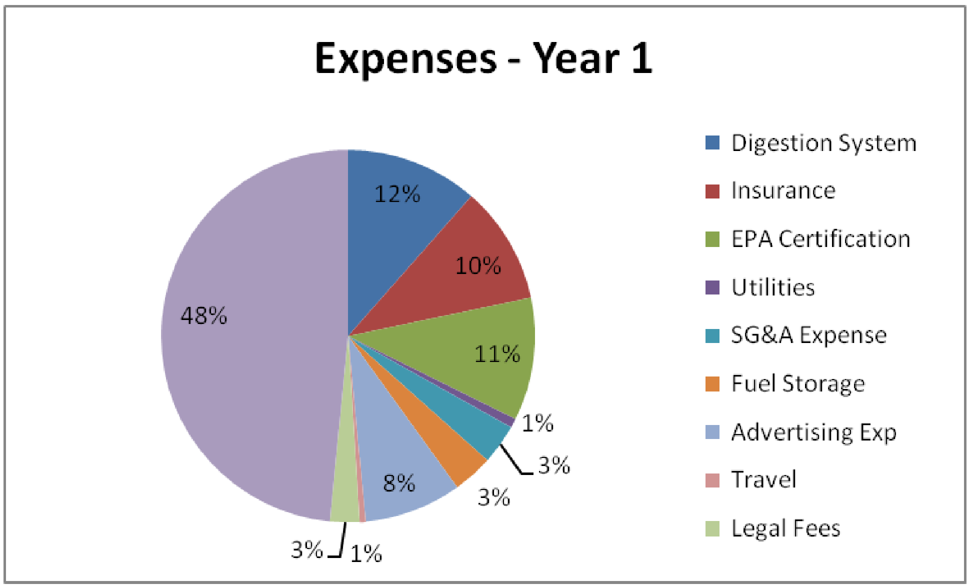
Financial Assumptions

- The Unified Fuels Machine we will purchase costs $4.2 M, and we will request debt financing so we can afford to launch this venture. We will put down 20% ($840,000) and pay the remaining $3.36M off within two years at a 10% interest rate
- We will contribute 5% of our sales to Unified Fuels as a royalty fees in exchange for exclusive contracting rights in the state of Arizona.
    - We will purchase land in Phoenix near a landfill and near a cluster of restaurants. This land cost of $250,000 is based on the standard Phoenix area industrial land price of $30/sq foot.[11] Through debt financing, we will put 20% down ($50,000) and pay back the loan at a standard 5% over 5 years. The proximity to restaurants and the landfill reduces transportation distances to collect fats, oils, and greases, and green waste materials from each site.[12]
- We have calculated our gasoline and diesel selling prices based on the average 6-year diesel and gasoline prices at the retail level in the American west.[13]
- We also lowered our price by $0.15 to align with the wholesale price, as the data with which we were provided is the standard retail price.[14]
- We will provide our customers with diesel and gasoline prices that are $.05 per gallon lower than the market price, and we will lock-in long-term contracts with our city diesel customers to offset the usual volatile and unpredictable market prices.
- The materials cost of $0.56/gallon includes purchasing petrol diesel to be mixed in at a 20% rate to our own output of diesel (20% petrol diesel, 80% High Point Fuels diesel) to raise the necessary combined Btu level for all our feedstock inputs.
- The labor costs of $.12/gallon is the cost of general laborers who will collect and organize the feedstock inputs into the machinery.
- The “other unit costs” is the payment to a fuel transportation company, which will move our deliver our fuels to our customers. (Source: Larry Davis, AZ Fuel Distributors)

- The salary of our chemical engineer was calculated based on generally accepted salaries found on www.payscale.com. The plant manager's and process controller

- operator's salaries are based on a feasibility report conducted for a similar operation, combined with what we found on payscale.com.
- Our operating expenses have been calculated using information found from feasibility reports of similar ventures. (Feasibility Report: Mass Natural Fertilizer Co., Inc Feasibility Study of Anaerobic Digestion of Industrial Organic Waste Using Dry Fermentation Technology January 2010)[15]

Operating Expenses



Annual Balance Sheet

Year	1	2	3	4	5
Ending	Dec-12	Dec-13	Dec-14	Dec-15	Dec-16
Projected Balance Sheets ($s)					
ASSETS					
Current Assets					
Cash	763,442	2,318,191	3,291,690	8,213,453	11,682,121
Accounts Receivable	72,536	72,642	122,494	136,110	190,477
Inventory	-	-	-	-	-
Other	-	-	-	-	-
Total Current Assets	835,977	2,390,833	3,414,184	8,349,563	11,872,598
Property and Equipment	4,432,000	4,432,000	8,859,000	8,859,000	13,301,000
(less accumulated depreciation)	(246,034)	(533,780)	(998,637)	(1,573,004)	(2,412,169)
Net Property and Equipment	4,185,966	3,898,220	7,860,363	7,285,996	10,888,831
Other Assets	250,000	250,000	250,000	250,000	550,000
TOTAL ASSETS	5,271,944	6,539,053	11,524,546	15,885,560	23,311,429
LIABILITIES AND SHAREHOLDERS' EQUITY					
Liabilities					
Current Liabilities					
Accounts Payable	-	-	-	-	-
Other Current Payables	-	-	-	-	-
Pre-Existing Debt	-	-	-	-	-
Current Portion of L-T Debt	1,637,801	306,402	1,166,768	43,905	3,759
Total Current Liabilities	1,637,801	306,402	1,166,768	43,905	3,759
Long-Term Debt	395,833	89,431	47,663	3,759	0
Total Liabilities	2,033,634	395,833	1,214,431	47,663	3,759
Shareholders' Equity					
Paid-In Capital	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
Retained Earnings	1,988,310	4,893,220	9,060,115	14,587,896	22,057,670
Less: Treasury Stock	-	-	-	-	-
Total Shareholders' Equity	3,238,310	6,143,220	10,310,115	15,837,896	23,307,670
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	5,271,944	6,539,053	11,524,546	15,885,560	23,311,429

Annual Income Statement

Projected Income Statements ($s)					
SALES					
Gross Sales	4,561,440	5,927,640	8,398,152	10,557,120	14,902,740
Returns and Allowances	-	-	-	-	-
NET SALES	4,561,440	5,927,640	8,398,152	10,557,120	14,902,740
COST OF SALES					
Materials	910,200	1,180,800	1,672,800	2,103,300	2,970,450
Labor (Inc Taxes & Benefits)	209,241	271,942	385,284	484,324	683,664
Other	33,060	43,730	62,006	77,770	109,260
TOTAL COST OF SALES	1,152,501	1,496,472	2,120,090	2,665,394	3,763,374
GROSS MARGIN	3,408,939	4,431,168	6,278,062	7,891,726	11,139,366
OPERATING EXPENSES					
Salaries and wages	249,400	297,368	310,944	315,528	528,461
Payroll taxes	19,079	22,749	23,787	24,138	40,427
Employee benefits	24,940	29,737	31,094	31,553	52,846
Depreciation	246,034	287,746	464,858	574,367	839,165
Bad debt expense	91,229	118,553	167,963	211,142	298,055
Additional Operating Expenses	470,235	511,127	787,333	912,673	1,553,995
TOTAL OPERATING EXPENSES	1,100,917	1,267,279	1,785,979	2,069,400	3,312,949
OPERATING PROFIT (LOSS)					
BEFORE INTEREST AND TAXES	2,308,023	3,163,889	4,492,083	5,822,326	7,826,417
INTEREST EXPENSE	(225,151)	(120,823)	(127,014)	(31,648)	(1,386)
PROFIT (LOSS) BEFORE TAXES	2,082,872	3,043,066	4,365,069	5,790,678	7,825,031
INCOME TAXES	(94,562)	(138,155)	(198,174)	(262,897)	(355,256)
NET PROFIT (LOSS)	1,988,310	2,904,911	4,166,895	5,527,781	7,469,774
EBITDA	2,554,057	3,451,635	4,956,941	6,396,693	8,665,582

Annual Cash Flows

Projected Cash Flows ($s)					
CASH FLOWS FROM OPERATIONS					
Net income	1,988,310	2,904,911	4,166,895	5,527,781	7,469,774
Adjustments to reconcile net income					
to cash flows from operations					
Depreciation	246,034	287,746	464,858	574,367	839,165
Changes in certain assets and					
liabilities					
Accounts receivable	(72,536)	(106)	(49,852)	(13,616)	(54,366)
Inventory	-	-	-	-	-
Other current assets	-	-	-	-	-
Accounts payable	-	-	-	-	-
Other current payables	-	-	-	-	-
Pre-existing debt	-	-	-	-	-
TOTAL CASH FLOWS FROM					
OPERATIONS	2,161,808	3,192,551	4,581,900	6,088,532	8,254,573
CASH FLOWS FROM INVESTING					
ACTIVITIES					
Purchase of equipment	(4,432,000)	-	(4,427,000)	-	(4,442,000)
Other Assets	(250,000)	-	-	-	(300,000)
TOTAL CASH FLOWS FROM					
INVESTING ACTIVITIES	(4,682,000)	-	(4,427,000)	-	(4,742,000)
CASH FLOW BEFORE					
FINANCING	(2,520,192)	3,192,551	154,900	6,088,532	3,512,573
CASH FLOWS FROM FINANCING					
ACTIVITIES					
Borrowing of long-term debt	3,400,000	-	2,700,000	-	-
Repayment of long-term debt	(1,366,366)	(1,637,801)	(1,881,402)	(1,166,768)	(43,905)
CASH FLOW BEFORE					
EQUITY FINANCING	(486,558)	1,554,750	973,498	4,921,764	3,468,668
Sales of Stock	1,250,000	-	-	-	-
Repurchase of Stock	-	-	-	-	-
TOTAL CASH FLOWS FROM					
FINANCING ACTIVITIES	3,283,634	(1,637,801)	818,598	(1,166,768)	(43,905)
NET CASH FLOWS	763,442	1,554,750	973,498	4,921,764	3,468,668
CASH, BEGINNING OF PERIOD	-	763,442	2,318,191	3,291,690	8,213,453
CASH, END OF PERIOD	763,442	2,318,191	3,291,690	8,213,453	11,682,121

Monthly Balance Sheet, Year 1

Month, Year 1	1	2	3	4	5	6
Balance Sheet						
Assets						
Current Assets						
Cash	248,739	4,593	1,850	22,133	55,608	109,820
Accounts Receivable	35	43,020	43,020	49,807	54,366	58,891
Inventory	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total Current Assets	248,774	47,613	44,870	71,940	109,974	168,711
Property and Equipment	1,072,000	4,432,000	4,432,000	4,432,000	4,432,000	4,432,000
(less accumulated depreciation)	-	(6,245)	(30,224)	(54,203)	(78,182)	(102,161)
Net Property and Equipment	1,072,000	4,425,755	4,401,776	4,377,797	4,353,818	4,329,839
Other Assets	50,000	250,000	250,000	250,000	250,000	250,000
TOTAL ASSETS	1,370,774	4,723,367	4,696,646	4,699,737	4,713,792	4,748,550
LIABILITIES AND SHAREHOLDERS' EQUITY						
Current Liabilities						
Accounts Payable	-	-	-	-	-	-
Other Current Payables	-	-	-	-	-	-
Pre-Existing Debt	-	-	-	-	-	-
Current Portion of L-T Debt	36,111	1,636,262	1,636,413	1,636,564	1,636,717	1,636,870
Total Current Liabilities	36,111	1,636,262	1,636,413	1,636,564	1,636,717	1,636,870
Long-Term Debt	163,889	1,760,798	1,624,360	1,487,909	1,351,446	1,214,969
Total Liabilities	200,000	3,397,059	3,260,773	3,124,474	2,988,163	2,851,839
Shareholders' Equity						
Paid-In Capital	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
Retained Earnings	(79,226)	76,308	185,873	325,263	475,630	646,711
Less: Treasury Stock	-	-	-	-	-	-
Total Shareholders' Equity	1,170,774	1,326,308	1,435,873	1,575,263	1,725,630	1,896,711
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,370,774	4,723,367	4,696,646	4,699,737	4,713,792	4,748,550

Month, Year 1	7	8	9	10	11	12
Balance Sheet						
Assets						
Current Assets						
Cash	184,307	279,496	395,498	517,120	639,801	763,442
Accounts Receivable	63,416	67,940	72,500	72,500	72,500	72,536
Inventory	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total Current Assets	247,723	347,436	467,998	589,620	712,302	835,977
Property and Equipment	4,432,000	4,432,000	4,432,000	4,432,000	4,432,000	4,432,000
(less accumulated depreciation)	(126,140)	(150,118)	(174,097)	(198,076)	(222,055)	(246,034)
Net Property and Equipment	4,305,860	4,281,882	4,257,903	4,233,924	4,209,945	4,185,966
Other Assets	250,000	250,000	250,000	250,000	250,000	250,000
TOTAL ASSETS	4,803,583	4,879,318	4,975,901	5,073,544	5,172,247	5,271,944
LIABILITIES AND SHAREHOLDERS' EQUITY						
Current Liabilities						
Accounts Payable	-	-	-	-	-	-
Other Current Payables	-	-	-	-	-	-
Pre-Existing Debt	-	-	-	-	-	-
Current Portion of L-T Debt	1,637,023	1,637,178	1,637,332	1,637,488	1,637,644	1,637,801
Total Current Liabilities	1,637,023	1,637,178	1,637,332	1,637,488	1,637,644	1,637,801
Long-Term Debt	1,078,480	941,977	805,461	668,932	532,389	395,833
Total Liabilities	2,715,503	2,579,154	2,442,793	2,306,420	2,170,033	2,033,634
Shareholders' Equity						
Paid-In Capital	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
Retained Earnings	838,080	1,050,164	1,283,108	1,517,124	1,752,214	1,988,310
Less: Treasury Stock	-	-	-	-	-	-
Total Shareholders' Equity	2,088,080	2,300,164	2,533,108	2,767,124	3,002,214	3,238,310
TOTAL LIABILITIES AND						
SHAREHOLDERS' EQUITY	4,803,583	4,879,318	4,975,901	5,073,544	5,172,247	5,271,944

Monthly Income Statement, Year 1

Projected Income Statements ($s)						
Month, Year 1	1	2	3	4	5	6
SALES						
Gross Sales	240	292,650	292,650	338,820	369,840	400,620
Returns and Allowances	-	-	-	-	-	-
NET SALES	240	292,650	292,650	338,820	369,840	400,620
COST OF SALES						
Materials	-	58,425	58,425	67,650	73,800	79,950
Labor (Inc taxes & Benefits)	12	13,424	13,424	15,542	16,965	18,377
Other	20	2,110	2,110	2,440	2,680	2,900
TOTAL COST OF SALES	32	73,959	73,959	85,632	93,445	101,227
GROSS MARGIN	208	218,691	218,691	253,188	276,395	299,393
OPERATING EXPENSES						
Salaries and wages	14,917	14,917	14,917	14,917	23,717	23,717
Payroll taxes	1,141	1,141	1,141	1,141	1,814	1,814
Employee benefits	1,492	1,492	1,492	1,492	2,372	2,372
Depreciation	-	6,245	23,979	23,979	23,979	23,979
Bad debt expense	5	5,853	5,853	6,776	7,397	8,012
Digestion System	4,500	4,500	4,500	4,500	4,500	4,500
Insurance	4,000	4,000	4,000	4,000	4,000	4,000
EPA Certification	50,000					
Utilities	230	230	230	307	307	307
SG&A Expense	1,000	1,000	1,000	1,333	1,333	1,333
Fuel Storage	1,000	1,000	1,000	1,333	1,333	1,333
Advertising Exp	-	2,546	2,546	2,948	3,216	3,484
Travel	150	150	150	150	200	200
Legal Fees	1,000	1,000	1,000	1,000	1,000	1,000
Royalty Fees to UF	-	14,621	14,621	16,929	18,468	20,007
TOTAL OPERATING EXPENSES	79,434	58,694	76,428	80,805	93,636	96,058
OPERATING PROFIT (LOSS)						
BEFORE INTEREST AND TAXES	(79,226)	159,997	142,263	172,383	182,759	203,335
INTEREST EXPENSE	-	(833)	(27,488)	(26,364)	(25,241)	(24,117)
PROFIT (LOSS) BEFORE TAXES	(79,226)	159,163	114,776	146,019	157,518	179,218
INCOME TAXES	-	(3,629)	(5,211)	(6,629)	(7,151)	(8,136)
NET PROFIT (LOSS)	(79,226)	155,534	109,565	139,390	150,367	171,081
EBITDA	(79,226)	166,242	166,242	196,362	206,738	227,314

Projected Income Statements ($s)						
Month, Year 1	7	8	9	10	11	12
SALES						
Gross Sales	431,400	462,180	493,200	493,200	493,200	493,440
Returns and Allowances	-	-	-	-	-	-
NET SALES	431,400	462,180	493,200	493,200	493,200	493,440
COST OF SALES						
Materials	86,100	92,250	98,400	98,400	98,400	98,400
Labor (Inc taxes & Benefits)	19,789	21,201	22,624	22,624	22,624	22,636
Other	3,120	3,340	3,580	3,580	3,580	3,600
TOTAL COST OF SALES	109,009	116,791	124,604	124,604	124,604	124,636
GROSS MARGIN	322,391	345,389	368,596	368,596	368,596	368,804
OPERATING EXPENSES						
Salaries and wages	23,717	23,717	23,717	23,717	23,717	23,717
Payroll taxes	1,814	1,814	1,814	1,814	1,814	1,814
Employee benefits	2,372	2,372	2,372	2,372	2,372	2,372
Depreciation	23,979	23,979	23,979	23,979	23,979	23,979
Bad debt expense	8,628	9,244	9,864	9,864	9,864	9,869
Digestion System	4,500	4,500	4,500	4,500	4,500	4,500
Insurance	4,000	4,000	4,000	4,000	4,000	4,000
EPA Certification						
Utilities	353	353	353	353	353	376
SG&A Expense	1,533	1,533	1,533	1,533	1,533	1,633
Fuel Storage	1,533	1,533	1,533	1,533	1,533	1,633
Advertising Exp	3,752	4,020	4,288	4,288	4,288	4,288
Travel	200	200	250	250	250	300
Legal Fees	1,000	1,000	1,000	1,000	1,000	1,000
Royalty Fees to UF	21,546	23,085	24,624	24,624	24,624	24,624
TOTAL OPERATING EXPENSES	98,927	101,349	103,827	103,827	103,827	104,105
OPERATING PROFIT (LOSS)						
BEFORE INTEREST AND TAXES	223,464	244,040	264,769	264,769	264,769	264,700
INTEREST EXPENSE	(22,994)	(21,870)	(20,746)	(19,623)	(18,499)	(17,375)
PROFIT (LOSS) BEFORE TAXES	200,471	222,170	244,023	245,146	246,270	247,324
INCOME TAXES	(9,101)	(10,087)	(11,079)	(11,130)	(11,181)	(11,229)
NET PROFIT (LOSS)	191,369	212,083	232,944	234,017	235,089	236,096
EBITDA	247,443	268,019	288,748	288,748	288,748	288,678

Monthly Cash Flows, Year 1

Projected Cash Flows ($s)						
Month, Year 1	1	2	3	4	5	6
CASH FLOWS FROM OPERATIONS						
Net income	(79,226)	155,534	109,565	139,390	150,367	171,081
Adjustments to reconcile net income						
to cash flows from operations						
Depreciation	-	6,245	23,979	23,979	23,979	23,979
Changes in certain assets and						
liabilities						
Accounts receivable	(35)	(42,984)	-	(6,787)	(4,560)	(4,525)
Inventory	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Other current payables	-	-	-	-	-	-
Pre-existing debt	-	-	-	-	-	-
TOTAL CASH FLOWS FROM						
OPERATIONS	(79,261)	118,795	133,544	156,582	169,786	190,535
CASH FLOWS FROM INVESTING						
ACTIVITIES						
Purchase of equipment	(1,072,000)	(3,360,000)	-	-	-	-
Other Assets	(50,000)	(200,000)	-	-	-	-
TOTAL CASH FLOWS FROM						
INVESTING ACTIVITIES	(1,122,000)	(3,560,000)	-	-	-	-
CASH FLOW BEFORE						
FINANCING	(1,201,261)	(3,441,205)	133,544	156,582	169,786	190,535
CASH FLOWS FROM FINANCING						
ACTIVITIES						
Borrowing of long-term debt	200,000	3,200,000	-	-	-	-
Repayment of long-term debt	-	(2,941)	(136,287)	(136,299)	(136,311)	(136,324)
CASH FLOW BEFORE						
EQUITY FINANCING	(1,001,261)	(244,145)	(2,743)	20,283	33,475	54,212
Sales of Stock	1,250,000	-	-	-	-	-
Repurchase of Stock	-	-	-	-	-	-
TOTAL CASH FLOWS FROM						
FINANCING ACTIVITIES	1,450,000	3,197,059	(136,287)	(136,299)	(136,311)	(136,324)
NET CASH FLOWS	248,739	(244,145)	(2,743)	20,283	33,475	54,212
CASH, BEGINNING OF PERIOD	-	248,739	4,593	1,850	22,133	55,608
CASH, END OF PERIOD	248,739	4,593	1,850	22,133	55,608	109,820

Projected Cash Flows ($s)						
Month, Year 1	7	8	9	10	11	12
CASH FLOWS FROM OPERATIONS						
Net income	191,369	212,083	232,944	234,017	235,089	236,096
Adjustments to reconcile net income						
to cash flows from operations						
Depreciation	23,979	23,979	23,979	23,979	23,979	23,979
Changes in certain assets and						
liabilities						
Accounts receivable	(4,525)	(4,525)	(4,560)	-	-	(35)
Inventory	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Other current payables	-	-	-	-	-	-
Pre-existing debt	-	-	-	-	-	-
TOTAL CASH FLOWS FROM						
OPERATIONS	210,823	231,538	252,363	257,996	259,068	260,039
CASH FLOWS FROM INVESTING						
ACTIVITIES						
Purchase of equipment	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-
TOTAL CASH FLOWS FROM						
INVESTING ACTIVITIES	-	-	-	-	-	-
CASH FLOW BEFORE						
FINANCING	210,823	231,538	252,363	257,996	259,068	260,039
CASH FLOWS FROM FINANCING						
ACTIVITIES						
Borrowing of long-term debt	-	-	-	-	-	-
Repayment of long-term debt	(136,336)	(136,349)	(136,361)	(136,374)	(136,386)	(136,399)
CASH FLOW BEFORE						
EQUITY FINANCING	74,487	95,189	116,002	121,622	122,682	123,640
Sales of Stock	-	-	-	-	-	-
Repurchase of Stock	-	-	-	-	-	-
TOTAL CASH FLOWS FROM						
FINANCING ACTIVITIES	(136,336)	(136,349)	(136,361)	(136,374)	(136,386)	(136,399)
NET CASH FLOWS	74,487	95,189	116,002	121,622	122,682	123,640
CASH, BEGINNING OF PERIOD	109,820	184,307	279,496	395,498	517,120	639,801
CASH, END OF PERIOD	184,307	279,496	395,498	517,120	639,801	763,442

Quarterly Balance Sheet, starting year 2

	Year 2				Year 3			
Qtr	5	6	7	8	9	10	11	12
Projected Balance Sheets ($s)								
ASSETS								
Current Assets								
Cash	1,137,710	1,521,489	1,914,914	2,318,191	2,796,892	1,924,939	2,569,384	3,267,825
Accounts Receivable	72,589	72,606	72,642	72,642	72,712	113,434	117,959	122,494
Inventory	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total Current Assets	1,210,299	1,594,095	1,987,556	2,390,833	2,869,604	2,038,373	2,687,343	3,390,319
Property and Equipment	4,432,000	4,432,000	4,432,000	4,432,000	4,432,000	8,859,000	8,859,000	8,859,000
(less accumulated depreciation)	(317,970)	(389,907)	(461,843)	(533,780)	(605,716)	(711,454)	(855,045)	(998,637)
Net Property and Equipment	4,114,030	4,042,093	3,970,157	3,898,220	3,826,284	8,147,546	8,003,955	7,860,363
Other Assets	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
TOTAL ASSETS	5,574,329	5,886,188	6,207,713	6,539,053	6,945,888	10,435,919	10,941,297	11,500,681
Liabilities								
Current Liabilities								
Accounts Payable	-	-	-	-	-	-	-	-
Other Current Payables	-	-	-	-	-	-	-	-
Pre-Existing Debt	-	-	-	-	-	-	-	-
Current Portion of L-T Debt	1,504,942	1,105,423	705,909	306,402	40,234	2,515,739	1,841,250	1,166,768
Total Current Liabilities	1,504,942	1,105,423	705,909	306,402	40,234	2,515,739	1,841,250	1,166,768
Long-Term Debt	119,418	109,547	99,552	89,431	79,184	68,808	58,302	47,663
Total Liabilities	1,624,360	1,214,969	805,461	395,833	119,418	2,584,547	1,899,552	1,214,431
Shareholders' Equity								
Paid-In Capital	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
Retained Earnings	2,699,969	3,421,219	4,152,252	4,893,220	5,576,470	6,601,372	7,791,745	9,036,250
Less: Treasury Stock	-	-	-	-	-	-	-	-
Total Shareholders' Equity	3,949,969	4,671,219	5,402,252	6,143,220	6,826,470	7,851,372	9,041,745	10,286,250
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	5,574,329	5,886,188	6,207,713	6,539,053	6,945,888	10,435,919	10,941,297	11,500,681

	Year 4				Year 5			
Qtr	13	14	15	16	17	18	19	20
Projected Balance Sheets ($s)								
ASSETS								
Current Assets								
Cash	4,019,888	5,057,310	6,604,222	8,189,588	5,213,366	7,346,575	9,550,792	11,754,551
Accounts Receivable	127,043	127,079	131,586	136,110	176,903	190,477	190,477	190,477
Inventory	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total Current Assets	4,146,931	5,184,388	6,735,807	8,325,698	5,390,268	7,537,051	9,741,268	11,945,028
Property and Equipment	8,859,000	8,859,000	8,859,000	8,859,000	13,301,000	13,301,000	13,301,000	13,301,000
(less accumulated depreciation)	(1,142,229)	(1,285,820)	(1,429,412)	(1,573,004)	(1,764,741)	(1,980,550)	(2,196,359)	(2,412,169)
Net Property and Equipment	7,716,771	7,573,180	7,429,588	7,285,996	11,536,259	11,320,450	11,104,641	10,888,831
Other Assets	250,000	250,000	250,000	250,000	550,000	550,000	550,000	550,000
TOTAL ASSETS	12,113,702	13,007,568	14,415,395	15,861,695	17,476,528	19,407,501	21,395,909	23,383,859
Liabilities								
Current Liabilities								
Accounts Payable	-	-	-	-	-	-	-	-
Other Current Payables	-	-	-	-	-	-	-	-
Pre-Existing Debt	-	-	-	-	-	-	-	-
Current Portion of L-T Debt	492,292	42,823	43,361	43,905	36,892	25,985	14,941	3,759
Total Current Liabilities	492,292	42,823	43,361	43,905	36,892	25,985	14,941	3,759
Long-Term Debt	36,892	25,985	14,941	3,759	0	0	0	0
Total Liabilities	529,184	68,808	58,302	47,663	36,892	25,985	14,941	3,759
Shareholders' Equity								
Paid-In Capital	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
Retained Earnings	10,334,518	11,688,760	13,107,093	14,564,031	16,189,636	18,131,517	20,130,968	22,130,101
Less: Treasury Stock	-	-	-	-	-	-	-	-
Total Shareholders' Equity	11,584,518	12,938,760	14,357,093	15,814,031	17,439,636	19,381,517	21,380,968	23,380,101
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	12,113,702	13,007,568	14,415,395	15,861,695	17,476,528	19,407,501	21,395,909	23,383,859

Quarterly Income Statement, starting year 2

Projected Income Statements ($s)								
	Year 2				Year 3			
Qtr	5	6	7	8	9	10	11	12
SALES								
Gross Sales	1,481,400	1,481,760	1,482,000	1,482,480	1,483,920	2,037,960	2,407,320	2,468,952
Returns and Allowances	-	-	-	-	-	-	-	-
NET SALES	1,481,400	1,481,760	1,482,000	1,482,480	1,483,920	2,037,960	2,407,320	2,468,952
COST OF SALES								
Materials	295,200	295,200	295,200	295,200	295,200	405,900	479,700	492,000
Labor (Inc Taxes & Benefits)	67,961	67,978	67,990	68,013	68,084	93,496	110,438	113,265
Other	10,890	10,920	10,940	10,980	11,100	15,060	17,700	18,146
TOTAL COST OF SALES	374,051	374,098	374,130	374,193	374,384	514,456	607,838	623,411
GROSS MARGIN	1,107,349	1,107,662	1,107,870	1,108,287	1,109,536	1,523,504	1,799,482	1,845,541
OPERATING EXPENSES								
Salaries and wages	74,342	74,342	74,342	74,342	77,736	77,736	77,736	77,736
Payroll taxes	5,687	5,687	5,687	5,687	5,947	5,947	5,947	5,947
Employee benefits	7,434	7,434	7,434	7,434	7,774	7,774	7,774	7,774
Depreciation	71,936	71,936	71,936	71,936	71,936	105,738	143,592	143,592
Bad debt expense	29,628	29,635	29,640	29,650	29,678	40,759	48,146	49,379
Digestion System	13,500	13,500	13,500	13,500	22,500	27,000	27,000	27,000
Insurance	12,000	12,000	12,000	12,000	16,000	18,000	18,000	18,000
EPA Certification	-	-	-	-	50,000	-	-	-
Utilities	1,165	1,173	1,173	1,173	1,656	1,963	2,162	2,300
SG&A Expense	5,067	5,100	5,100	5,100	7,200	8,533	9,400	10,000
Fuel Storage	5,067	5,100	5,100	5,100	7,200	8,533	9,400	10,000
Advertising Exp	12,864	12,864	12,864	12,864	12,864	17,688	20,904	21,440
Travel	900	1,200	1,273	1,392	1,521	1,662	1,816	1,984
Legal Fees	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Royalty Fees to UF	73,872	73,872	73,872	73,872	73,872	101,574	120,042	123,120
TOTAL OPERATING EXPENSES	316,462	316,844	316,922	317,050	388,884	425,906	494,918	501,271
OPERATING PROFIT (LOSS)								
BEFORE INTEREST AND TAXES	790,887	790,818	790,948	791,237	720,652	1,097,597	1,304,564	1,344,270
INTEREST EXPENSE	(45,382)	(35,265)	(25,148)	(15,028)	(4,907)	(23,952)	(57,578)	(40,577)
PROFIT (LOSS) BEFORE TAXES	745,505	755,552	765,800	776,208	715,745	1,073,646	1,246,986	1,303,692
INCOME TAXES	(33,846)	(34,302)	(34,767)	(35,240)	(32,495)	(48,744)	(56,613)	(59,188)
NET PROFIT (LOSS)	711,659	721,250	731,033	740,968	683,250	1,024,902	1,190,373	1,244,505
EBITDA	862,823	862,754	862,884	863,173	792,589	1,203,335	1,448,156	1,487,861

Projected Income Statements ($s)								
	Year 4				Year 5			
Qtr	13	14	15	16	17	18	19	20
SALES								
Gross Sales	2,531,160	2,593,440	2,685,540	2,746,980	3,333,240	3,794,940	3,887,280	3,887,280
Returns and Allowances	-	-	-	-	-	-	-	-
NET SALES	2,531,160	2,593,440	2,685,540	2,746,980	3,333,240	3,794,940	3,887,280	3,887,280
COST OF SALES								
Materials	504,300	516,600	535,050	547,350	664,200	756,450	774,900	774,900
Labor (Inc Taxes & Benefits)	116,121	118,979	123,203	126,021	152,916	174,093	178,328	178,328
Other	18,640	19,140	19,780	20,210	24,510	27,810	28,470	28,470
TOTAL COST OF SALES	639,061	654,719	678,033	693,581	841,626	958,353	981,698	981,698
GROSS MARGIN	1,892,099	1,938,721	2,007,507	2,053,399	2,491,614	2,836,587	2,905,582	2,905,582
OPERATING EXPENSES								
Salaries and wages	78,882	78,882	78,882	78,882	132,113	132,113	132,114	132,122
Payroll taxes	6,034	6,034	6,034	6,034	10,107	10,107	10,107	10,107
Employee benefits	7,888	7,888	7,888	7,888	13,211	13,211	13,211	13,212
Depreciation	143,592	143,592	143,592	143,592	191,737	215,809	215,809	215,809
Bad debt expense	50,623	51,869	53,711	54,940	66,665	75,899	77,746	77,746
Digestion System	27,000	27,000	27,000	27,000	54,000	54,000	54,000	54,000
Insurance	18,000	18,000	18,000	18,000	36,000	36,000	36,000	36,000
EPA Certification	-	-	-	-	50,000	-	-	-
Utilities	2,392	2,392	2,392	2,453	3,312	3,603	3,803	3,887
SG&A Expense	10,400	10,400	10,400	10,667	14,400	15,667	16,533	16,900
Fuel Storage	10,400	10,400	10,400	10,667	14,400	15,667	16,533	16,900
Advertising Exp	21,976	22,512	23,316	23,852	29,394	32,174	32,810	33,764
Travel	2,126	2,256	2,394	2,540	2,696	2,750	2,805	2,861
Legal Fees	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Royalty Fees to UF	126,198	129,276	133,893	136,971	166,212	181,602	184,680	189,297
TOTAL OPERATING EXPENSES	508,511	513,501	520,902	526,486	788,146	801,937	810,759	811,232
OPERATING PROFIT (LOSS)								
BEFORE INTEREST AND TAXES	1,383,588	1,425,220	1,486,605	1,526,913	1,703,468	2,034,651	2,094,823	2,094,350
INTEREST EXPENSE	(23,575)	(6,572)	(816)	(685)	(551)	(416)	(279)	(140)
PROFIT (LOSS) BEFORE TAXES	1,360,013	1,418,648	1,485,788	1,526,229	1,702,917	2,034,235	2,094,544	2,094,210
INCOME TAXES	(61,745)	(64,407)	(67,455)	(69,291)	(77,312)	(92,354)	(95,092)	(95,077)
NET PROFIT (LOSS)	1,298,268	1,354,241	1,418,334	1,456,938	1,625,605	1,941,881	1,999,451	1,999,133
EBITDA	1,527,180	1,568,811	1,630,197	1,670,505	1,895,205	2,250,460	2,310,632	2,310,159

Projected Cash Flows ($s)								
	Year 4				Year 5			
Qtr	13	14	15	16	17	18	19	20
CASH FLOWS FROM OPERATIONS								
Net income	1,298,268	1,354,241	1,418,334	1,456,938	1,625,605	1,941,881	1,999,451	1,999,133
Depreciation	143,592	143,592	143,592	143,592	191,737	215,809	215,809	215,809
Changes in certain assets and liabilities								
Accounts receivable	(4,549)	(35)	(4,507)	(4,525)	(40,793)	(13,574)	-	-
Inventory	-	-	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-	-	-
Other current payables	-	-	-	-	-	-	-	-
Pre-existing debt	-	-	-	-	-	-	-	-
TOTAL CASH FLOWS FROM OPERATIONS	1,437,311	1,497,798	1,557,418	1,596,005	1,776,549	2,144,116	2,215,261	2,214,942
CASH FLOWS FROM INVESTING ACTIVITIES								
Purchase of equipment	-	-	-	-	(4,442,000)	-	-	-
Other Assets	-	-	-	-	(300,000)	-	-	-
TOTAL CASH FLOWS FROM INVESTING ACTIVITIES	-	-	-	-	(4,742,000)	-	-	-
CASH FLOW BEFORE FINANCING	1,437,311	1,497,798	1,557,418	1,596,005	(2,965,451)	2,144,116	2,215,261	2,214,942
CASH FLOWS FROM FINANCING ACTIVITIES								
Borrowing of long-term debt	-	-	-	-	-	-	-	-
Repayment of long-term debt	(685,247)	(460,376)	(10,506)	(10,638)	(10,772)	(10,907)	(11,044)	(11,182)
CASH FLOW BEFORE EQUITY FINANCING	752,063	1,037,422	1,546,912	1,585,367	(2,976,223)	2,133,209	2,204,217	2,203,760
Sales of Stock	-	-	-	-	-	-	-	-
Repurchase of Stock	-	-	-	-	-	-	-	-
TOTAL CASH FLOWS FROM FINANCING ACTIVITIES	(685,247)	(460,376)	(10,506)	(10,638)	(10,772)	(10,907)	(11,044)	(11,182)
NET CASH FLOWS	752,063	1,037,422	1,546,912	1,585,367	(2,976,223)	2,133,209	2,204,217	2,203,760
CASH, BEGINNING OF PERIOD	3,267,825	4,019,888	5,057,310	6,604,222	8,189,588	5,213,366	7,346,575	9,550,792
CASH, END OF PERIOD	4,019,888	5,057,310	6,604,222	8,189,588	5,213,366	7,346,575	9,550,792	11,754,551

Quarterly Cash Flows, starting year 2

Projected Cash Flows ($s)								
	Year 2				Year 3			
Qtr	5	6	7	8	9	10	11	12
CASH FLOWS FROM OPERATIONS								
Net income	711,659	721,250	731,033	740,968	683,250	1,024,902	1,190,373	1,244,505
Depreciation	71,936	71,936	71,936	71,936	71,936	105,738	143,592	143,592
Changes in certain assets and liabilities								
Accounts receivable	(53)	(18)	(35)	(0)	(71)	(40,722)	(4,525)	(4,535)
Inventory	-	-	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-	-	-
Other current payables	-	-	-	-	-	-	-	-
Pre-existing debt	-	-	-	-	-	-	-	-
TOTAL CASH FLOWS FROM OPERATIONS	783,543	793,169	802,934	812,905	755,116	1,089,918	1,329,440	1,383,561
CASH FLOWS FROM INVESTING ACTIVITIES								
Purchase of equipment	-	-	-	-	-	(4,427,000)	-	-
Other Assets	-	-	-	-	-	-	-	-
TOTAL CASH FLOWS FROM INVESTING ACTIVITIES	-	-	-	-	-	(4,427,000)	-	-
CASH FLOW BEFORE FINANCING	783,543	793,169	802,934	812,905	755,116	(3,337,082)	1,329,440	1,383,561
CASH FLOWS FROM FINANCING ACTIVITIES								
Borrowing of long-term debt	-	-	-	-	-	2,700,000	-	-
Repayment of long-term debt	(409,274)	(409,391)	(409,508)	(409,628)	(276,415)	(234,871)	(684,995)	(685,120)
CASH FLOW BEFORE EQUITY FINANCING	374,269	383,778	393,426	403,277	478,701	(871,953)	644,445	698,441
Sales of Stock	-	-	-	-	-	-	-	-
Repurchase of Stock	-	-	-	-	-	-	-	-
TOTAL CASH FLOWS FROM FINANCING ACTIVITIES	(409,274)	(409,391)	(409,508)	(409,628)	(276,415)	2,465,129	(684,995)	(685,120)
NET CASH FLOWS	374,269	383,778	393,426	403,277	478,701	(871,953)	644,445	698,441
CASH, BEGINNING OF PERIOD	763,442	1,137,710	1,521,489	1,914,914	2,318,191	2,796,892	1,924,939	2,569,384
CASH, END OF PERIOD	1,137,710	1,521,489	1,914,914	2,318,191	2,796,892	1,924,939	2,569,384	3,267,825

Appendix C – Letters of Intent

High Point Fuels, LLC
1130 E. Helen St.
Tucson, AZ 85721

Month, Day, Year

Mr./Ms. (Owner of Independent Gas Station)
Name of Independent Gas Station
Address

Re: Letter of Intent

Dear Sir or Madame,

1. This letter serves as the formal agreement and Letter of Intent between High Point Fuels, LLC, hereinafter HPF, and Independent Gas Station, hereinafter IGA. The purpose of this Letter of Intent is to summarize the agreements between the parties and will work as a permanent agreement until superseded by another written agreement. The contents of this letter memorialize the agreements, which are products of previous discussions between the parties.

2. HPF agrees to supply IGA with no less than 20 percent (20%) and up to one hundred per cent (100%) of IGA's renewable bio- gasoline requirements. The bio-gasoline will be priced at five cents below its wholesale market prices. The price ceiling for the bio-gasoline will not exceed four dollars ($4 U.S.) per gallon

3. Fuel will be delivered from HPF to IGA on an as-needed basis via a fuel distribution company. The fuel distribution company will contract solely with HPF and IGA will not have a contractual relationship with the distribution company. HPF and IGA agree to create a flexible delivery schedule based on IGA's historic and anticipated renewable fuel needs.

4. The initial term of this agreement shall run for twenty-four (24) months from (<u>Month</u>), (<u>Day</u>) 2011 to (<u>Month</u>), (<u>Day</u>) 2013. Unless otherwise terminated pursuant to the terms hereof, the agreement shall automatically renew for additional two-year periods.

5. Either party, HPF or IGA, may terminate the agreement, without cause, at the end of the initial term or at the end of any renewal term by giving written notice of such termination not less than (90) days prior to the end of such term.

4. This agreement may be terminated immediately only by the following: 1) by mutual written agreement by the parties; 2) material breach as defined by the parties in a forthcoming agreement; or 3) the filing of bankruptcy by either party.

6. This Letter of Intent and all subsequent documents between the parties will be governed by Arizona law.

The parties agree to in good faith pursue and perform their respective responsibilities outlined in this letter and those responsibilities that will be agreed upon in all forthcoming documents. In witness whereof, this being the agreement between the parties; we hereby execute this letter of intent.

Sincerely yours,
High Point Fuels, LLC

By: ______________________
(High Point Fuels Member)

Agreed and Accepted on this
_____ day of ______________, 2011

____
(Owner of Independent Gas Station)

High Point Fuels, LLC
1130 E. Helen St.
Tucson, AZ 85721

Month, Day, Year

Mr./Ms. (Superintendent of Unified School District)
Name of Unified School District
Address

Re: Letter of Intent

Dear Sir or Madame,

1. This letter serves as the formal agreement and Letter of Intent between High Point Fuels, LLC, hereinafter HPF, and Unified School District, hereinafter USD. The purpose of this Letter of Intent is to summarize the agreements between the parties and will work as a permanent agreement until superseded by another written agreement. The contents of this letter memorialize the agreements, which are products of previous discussions between the parties.

2. HPF agrees to supply USD with no less than 20 percent (20 %) and up to one hundred per cent (100%) of USD's renewable bio-diesel fuel requirements. The bio-diesel will be priced at five cents below their its wholesale market prices. The price ceiling for the bio-diesel fuel will not exceed four dollars ($4 U.S.) per gallon

3. Fuel will be delivered from HPF to USD on an as-needed basis via a fuel distribution company. The fuel distribution company will contract solely with HPF and USD will not have a contractual relationship with the distribution company. HPF and USD agree to create a flexible delivery schedule based on USD's historic and anticipated renewable fuel needs.

4. The initial term of this agreement shall run for twelve (12) months from (<u>Month</u>), (<u>Day</u>) 2011 to (<u>Month</u>), (<u>Day</u>) 2012. Unless otherwise terminated pursuant to the terms hereof, the agreement shall automatically renew for additional one-year periods.

5. Either party, HPF or USD, may terminate the agreement, without cause, at the end of the initial term or at the end of any renewal term by giving written notice of such termination not less than (90) days prior to the end of such term.

4. This agreement may be terminated immediately only by the following: 1) by mutual written agreement by the parties; 2) material breach as defined by the parties in a forthcoming agreement; or 3) the filing of bankruptcy by either party.

6. This Letter of Intent and all subsequent documents between the parties will be governed by Arizona law.

The parties agree to in good faith pursue and perform their respective responsibilities outlined in this letter and those responsibilities that will be agreed upon in all forthcoming documents. In witness whereof, this being the agreement between the parties; we hereby execute this letter of intent

Sincerely yours,
High Point Fuels, LLC

By: ______________________
(High Point Fuels Member)

Agreed and Accepted on this
_____ day of ______________, 2011

____
(Superintendent of Unified School District)

HIGH POINT FUELS

High Point Fuels LLC
1130 E. Helen St.
Tucson, AZ 85721

Month, Day, Year

Mr./Ms. (Director of Municipal Transportation Department)
Municipality
Address

Re: Letter of Intent

Dear Sir or Madame,

1. This letter serves as the formal agreement and Letter of Intent between High Point Fuels LLC, hereinafter HPF, and Municipal Transportation Department, hereinafter MTD. The purpose of this Letter of Intent is to summarize the agreements between the parties and will work as a permanent agreement until superseded by another written agreement. The contents of this letter memorialize the agreements which are products of previous discussions between the parties.

2. HPF agrees to supply MTD with no less than 20 percent (20 %) and up to one hundred per cent (100%) of MTD's renewable bio-diesel fuel requirements. The bio-diesel will be priced at five cents below its respective wholesale market prices. The price ceiling for the bio-diesel fuel will not exceed four dollars ($4 U.S.) per gallon.

3. The bio-diesel fuel will be delivered from HPF to MTD on an as-needed basis via a fuel distribution company. The fuel distribution company will contract solely with HPF and MTD will not have a contractual relationship with the distribution company. HPF and MTD agree to create a flexible delivery schedule based on MTD's historic and anticipated renewable fuel needs.

4. The initial term of this agreement shall run for twelve (12) months from (<u>Month</u>), (<u>Day</u>) 2011 to (<u>Month</u>), (<u>Day</u>) 2012. Unless otherwise terminated pursuant to the terms hereof, the agreement shall automatically renew for additional one-year periods.

5. Either party, HPF or MTD, may terminate the agreement, without cause, at the end of the initial term or at the end of any renewal term by giving written notice of such termination not less than (90) days prior to the end of such term.

4. This agreement may be terminated immediately only by the following: 1) by mutual written agreement by the parties; 2) material breach as defined by the parties in a forthcoming agreement; or 3) the filing of bankruptcy by either party.

6. This Letter of Intent and all subsequent documents between the parties will be governed by Arizona law.

The parties agree to in good faith pursue and perform their respective responsibilities outlined in this letter and those responsibilities that will be agreed upon in all forthcoming documents. In witness whereof, this being the agreement between the parties; we hereby execute this letter of intent

Sincerely yours,
High Point Fuels, LLC

By: _____________________
(High Point Fuels Member)

Agreed and Accepted on this
_____ day of ______________, 2011
____
(Director of Municipal Transportation Department)

High Point Fuels, LLC
1130 E. Helen St.
Tucson, AZ 85721

Month, Day, Year

Mr./Ms. (Owner of Fuel Distribution Company)
Name of Fuel Distribution Company
Address

Re: Letter of Intent

Dear Sir or Madame,

1. This letter serves as the formal agreement and Letter of Intent between High Point Fuels LLC, hereinafter HPF, and Fuel Distribution Company, hereinafter FDC. The purpose of this Letter of Intent is to summarize the agreements between the parties and will work as a permanent agreement until superseded by another written agreement. The contents of this letter memorialize the agreements which are products of previous discussions between the parties.

2. FDC agrees to transport both bio-gasoline fuel and bio-diesel fuel from the HPF facility to all HPF clients at the cost of two cents per gallon to be paid by HPF.

3. FDC agrees to transport both bio-gasoline fuel and bio-diesel fuel from on an as needed basis as communicated by HPF to FDC and based on the renewable fuel needs of HPF's clients.

3. The contractual relationship will exist between HPF and FDC and not between FDC and the clients of HPF for the purposes of the relationship established by this Letter of Intent. 4.

4. The initial term of this agreement shall run for twenty-four (24) months from (<u>Month</u>), (<u>Day</u>) 2011 to (<u>Month</u>), (<u>Day</u>) 2013. Unless otherwise terminated pursuant to the terms hereof, the agreement shall automatically renew for additional two-year periods.

5. Either party, HPF or IGA, may terminate the agreement, without cause, at the end of the initial term or at the end of any renewal term by giving written notice of such termination not less than (90) days prior to the end of such term.

4. This agreement may be terminated immediately only by the following: 1) by mutual written agreement by the parties; 2) material breach as defined by the parties in a forthcoming agreement; or 3) the filing of bankruptcy by either party.

6. This Letter of Intent and all subsequent documents between the parties will be governed by Arizona law.

The parties agree to in good faith pursue and perform their respective responsibilities outlined in this letter and those responsibilities that will be agreed upon in all forthcoming documents. In witness whereof, this being the agreement between the parties; we hereby execute this letter of intent.

Sincerely yours,
High Point Fuels, LLC

By: ______________________
(High Point Fuels Member)

Agreed and Accepted on this
_____ day of ______________, 2011

____
(Owner of Fuel Distribution Company)

Appendix D – Resumes

Caitlin Sandahl

csandahl@email.arizona.edu

Current Address:	Permanent Address:
965 N. Venice Ave #B	4571 E Calle Tuberia
Tucson, Arizona 85711	Phoenix, Arizona 85018
(480) 430-3132	(480) 430-3132

EDUCATION

University of Arizona, Honors College — **Tucson, Arizona**
Major: Marketing/Entrepreneurship — **August 2008 - Present**
Bachelor of Science in Business Administration, May 2012
Current GPA: 4.0

EXPERIENCE

Williams-Sonoma — **Scottsdale, Arizona**
Associate — **December 2010**

- Met and exceeded sales goals and increased average dollars spent
- Pursued and attracted new customers
- Excelled in customer satisfaction and enhanced the in-store experience
- Capitalized sales opportunities
- Displayed exceptional attention to detail in enhancing merchandise presentation

Greer Lodge Resort & Cabins — **Greer, Arizona**
Marketing Assistant — **May 2010 – August 2010**

- Initiated creative, digital advertising campaigns
- Increased overall sales by 4.2%
- Diversified marketing efforts and promotional strategies
- Collaborated with clients to develop integrated marketing plans
- Performed website maintenance

Greer Lodge Resort & Cabins — **Phoenix, Arizona**
Receptionist — **May 2009 - August 2009**

- Directed customer calls and managed customer satisfaction department
- Promoted weekly specials and surpassed sales expectations
- Assisted manager with guest services
- Established and maintained customer relationships

ACTIVITIES

- Private Tutor: Accounting 210 — January 2010 – Present
- American Marketing Association — January 2010 – Present
- Arizona Refugee Connection — January 2010 – Present
- Sigma Kappa Sorority — August 2008 – August 2010

HONORS AND AWARDS

- Summa Cum Laude In Posterum Award (4.0 GPA for 4 semesters) — October 2010
- Business Communications Case Competition Finalist — April 2010
- McCord Scholarship Finalist — March 2010
- Zipperman Scholarship — March 2009 – January 2010
- Dean's List with Distinction — Fall 2008 - Present
- Honors Business Math 115A Presentation Competition Winner — November 2008
- Wildcat Excellence Award Scholarship — August 2008 – Present
- Arizona Board of Regents High Honors Full Tuition Scholarship — August 2008

SKILLS

- Adept at Microsoft Word, Excel, PowerPoint
- Proficient at Visio and SPSS

GARETT R. BROCK

grb2@email.arizona.edu

Current Address:	Permanent Address:
904 N. Desert Avenue (Unit A)	30231 N. 49th Street
Tucson, AZ 85711	Cave Creek, Arizona 85331
(480) 510-6582	(480) 510-6582

EDUCATION:

The University of Arizona — Tucson, AZ
Honors College
Bachelor of Science in Business Administration, May 2011
Majors: Management Information Systems/Entrepreneurship
GPA: 3.79

Global Sports Management Program — London, UK
Florida State University
- Exposed to various sports venues and events
- Gained knowledge of issues in the sports industry

EXPERIENCE:

06/10 – 08/10 **JPMorgan Chase & Co** — Columbus, OH
Technology Summer Analyst (Global Technology Infrastructure)
- Computed, organized, analyzed, and presented on Global Storage Footprint data
- Re-developed a SharePoint site for greater efficiency
- Ordered and maintained purchase requests while supervising the approval flow
- Constructed process flows from contract agreements

08/09 – Present **The University of Arizona Mathematics** — Tucson, AZ
Undergraduate Teaching Assistant
- Oversee a lab of math students with a variety of questions
- Recommend different approaches to solving the problem
- Introduce a variety of group tactics to groups for progression

08/08 – 05/10 **The University of Arizona Department of Residence Life** — Tucson, AZ
Resident Assistant, Yavapai Residence Hall
- Managed 22 students by establishing a safe and cohesive hall within Yavapai
- Conducted learning programs for insight on social justice and diversity
- Directed students to opportunities of university involvement

ACTIVITIES:

- Member – MISA; Spring 2009 – Present
- Member – The National Society of Collegiate Scholars; Spring 2007 – Present
- Member/Captain – Arizona Intramural Sports; November 2007 – Present

AWARDS:

- McCord Scholar; Spring 2009
- Dean's List with Distinction; Fall 2007
- Wildcat Excellence Award; August 2007

SKILLS:

- Knowledge of Java, Object-Oriented programming, SQL
- Competent in Data Communications and Networking
- CNSS No. 4013 – Systems Administrator

• 1415 E. Drachman St., Tucson, AZ, 85719 • (781)-799-1539 • Jconstan@email.arizona.edu

Joshua Stuart Constanti

May 2011 | **Eller College of Management** / **The University of Arizona** | **Tucson, AZ**

- **Degree**: Bachelor of Business Administration
- **Majors**: Finance and Entrepreneurship
- **GPA**: 3.72
- **Accomplishments**: Honors college member; Acceptance into McGuire Entrepreneurship Program (A world-renowned program); Actively-manage ~$1million with 30 students in Applied Portfolio Management course (mixed class of undergraduates and MBA students); Dean's List recognition (multiple times); Awarded multiple merit-based scholarships and grants; Constant part-time employment throughout college.

6/2010 – 8/2010 | **Sempra Energy** | **San Diego, CA**

Financial Leadership Intern

- Completed financial valuation and modeling of commercial assets and revenue streams
- Reported directly to the VP of Risk Analysis and Management in this Fortune 500 company
- Additionally, performed internal audits of multiple business units, gaining insight into each BU

5/2008 – present | **My Perfect Gig** | **Lexington, MA**

Job Site Configurator

- Complete virtual work for start-up company, MyPerfectGig
- Configure thousands of company job web sites which are analyzed by MyPerfectGig
- Advise on ways to perfect the job configuration system, which was new to all employes

6/2009 – 10/2010 | **Accrue Sports & Entertainment Ventures** | **Waltham, MA**

Internship

- Assisted company CEO on working toward meeting project goals, including completing research on proposals & presentations delivered to the White House, major corporations, and consulting firms
- Helped finalize business plan for Fitness Corp (a new education/fitness program) that was sent to Senator Mark Warner (D-VA)

ACTIVITIES:

- Member – Investments Club; September 2008 - 2009
- Active Member – Sigma Chi Fraternity; September 2008 – present
  - Positions held: Kitchen Steward (Implemented innovative meal plan system for 100 members, serving 17 meals per week), Brotherhood Chair, Assistant Treasurer

COMMUNITY SERVICE:

- Raised $11,300 for the "Diamond Children's Hospital" as a head coordinator for the "Derby Days" philanthropy with the Sigma Chi Fraternity
- Participated in a Multiple Sclerosis walk with the "National MS Society (Arizona Chapter)"
- Ran 10k race to raise money in the "CatWalk for Cancer" University of Arizona event
- Partook in the "Up-Till-Dawn" charity event associated with St. Jude Hospital in Tucson
- Contributed to various other causes ("American Foundation for Suicide Prevention" and "The Hunger Site")

SKILLS:

- Trained and professionally-competent in Excel, PowerPoint, Word, Outlook, Great Plains, and IMS. Experience in Bloomberg Professional Terminals.

Will Cochrane

515 E Lester Street, Tucson, AZ, 85705
wcochran@email.arizona.edu ~ 480.467.8688

Education

Eller College of Management-University of Arizona | Tucson, AZ — *2007-Present*
Bachelor of Science-Business Administration — ***anticipated May 2011***

- GPA: 3.92, Core GPA 4.0
- Majors: Finance, Entrepreneurship
- Honors College, Honors Writing Program

Selected Courses

Applied Portfolio Management Program — *Fall 2010, Spring 2011*

- One of thirty students selected to competitive program
- Co-manage university endowment fund with value over $1,000,000
- Responsible for fundamental valuation of securities within telecom and tech sectors

McGuire Entrepreneurship Program — *Fall 2010, Spring 2011*

- Selected to globally ranked entrepreneurship program to develop own business venture
- Responsible for writing business plan and pitching venture ideas to angel investor groups
- Manage team of peers on venture that looks to produce liquid fuels from waste products

Work Experience

Clean Energy Capital LLC | Jan 2011-Present — *Tucson, AZ*
Private Equity Analyst - Intern

- Assist with financial analysis and valuation of private equity investment opportunities
- Conduct research regarding developments and trends in the clean energy industry
- Work 25-30 hours per week while taking 15 unit course load

SCORE Consulting | Aug 2010-Dec 2010 — *Tucson, AZ*
Intern

- Advised local entrepreneurs on feasibility of for-profit and non-profit ventures
- Tasks included: revising business plans, analyzing financial statements, and aiding with marketing
- Worked 10 hours per week while taking 20 unit course load

Global Sage | Jun 2010-Aug 2010 — *Hong Kong*
Intern

- Managed a team of three fellow interns conducting research on various APAC industries
- Presented key findings on the emerging Chinese private banking industry to clients
- Drafted a white paper on the major findings of the study

Extracurricular Activities

Candidate, *CFA Level 1* — *June 2011*

Candidate, *Bloomberg, Microsoft Excel Certification* — *Spring 2011*

Writing/Math Tutor, *University of Arizona Think Tank* — *Jan 2009-Dec 2010*

Captain, *Tucson Metro League Soccer Team* — *Sept 2008-June 2010*

Member, Grant Writer, *Arizona Refugee Connection* — *Fall 2009*

Awards and Distinctions

UA Highest Academic Distinction Award — *Fall 2010*

- Maintained a 4.0 GPA for 2+ consecutive semesters

McCord Scholarship Finalist — *Spring 2009*

- Ranked among top 15 in-state students in entire business school

Wildcat Excellence Award — *Fall 2007*

- Awarded tuition scholarship for academic performance in high school

XIV. Works Cited

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Southern Arizona Venture Developers

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Introduction

The Southern Arizona Venture Developers (SAVD) will match local owners of high-quality, high-potential intellectual property with experienced and dedicated entrepreneurs based in Southern Arizona in order to foster and facilitate successful new ventures that will contribute to the region's entrepreneurial growth.

Problem

The Southern Arizona Venture Developers will aim to solve three distinct problems that are hindering Southern Arizona's entrepreneurial climate today. These three problems are listed and discussed below:

1. **IP Owners:**

The first problem comes from owners of intellectual property. While there are many local scientists, engineers, technologists, and other trade experts who have acquired intellectual property on a potentially valuable idea or product, a majority of them do not have the business expertise or resources to start a business from that intellectual property. Even if these intellectual property owners were able to write an effective business plan and launch a venture, they would be hard-pressed to execute their newly-formed business effectively.

2. **Entrepreneurs:**

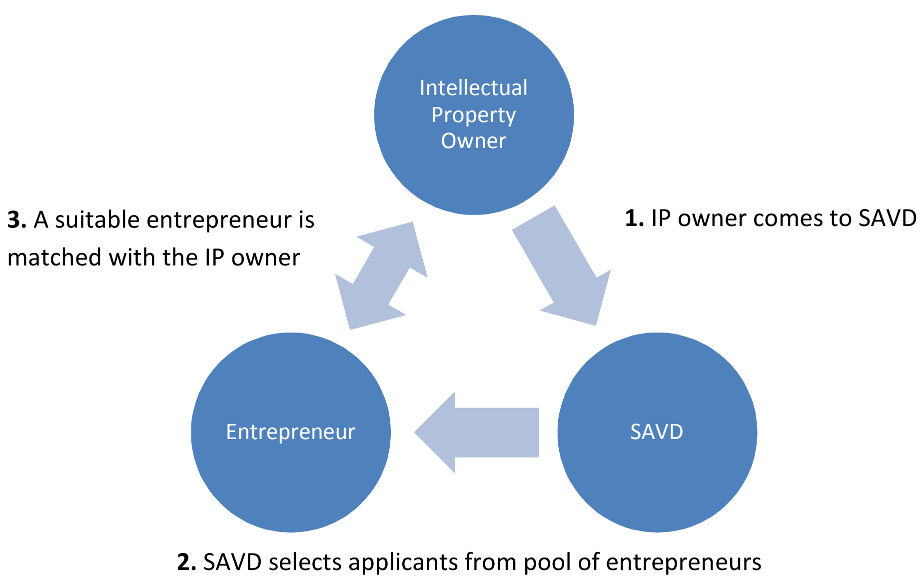
The second problem emanates from entrepreneurs. Despite their capabilities or their experiences, there are many local entrepreneurs who currently lack a great idea or are simply waiting for the perfect opportunity. Although entrepreneurs who fall under this category have the talent to lead and execute successful ventures, they are seeking a spark to reignite their dormant entrepreneurial prowess.

3. **Retaining local talent:**

The third and final problem is Southern Arizona's difficulty retaining talent. While there is a high output of talented entrepreneurs from Southern Arizona, many of them are drawn to larger cities or regions which they believe to hold many more opportunities. While there are many opportunities to start successful ventures in Southern Arizona, they are more difficult to find. Many of these opportunities lie in the intellectual properties of equally talented intellectual property owners who do not know how to market their ideas.

Solution

The Southern Arizona Venture Developers will provide a solution to these three problems by filtering and matching aspiring local IP owners with ambitious local entrepreneurs, then fostering partnerships between them that lead to successful new ventures in Southern Arizona. A high rate of success among these ventures will then enhance the region's entrepreneurial climate. Below is a visual representation of SAVD's matching process:



IP Owner Expectations

First and foremost, the intellectual property owner will remain the idea leader of the venture throughout its execution and will have the right to exercise creative control. In most cases, he or she will be in charge of product design, quality management, and operations throughout the life of the venture.

The IP owner will be expected to communicate regularly with the entrepreneur on all aspects of the venture. Additionally, both the IP owner and entrepreneur are required to communicate with SAVD on a regular basis (a minimum of weekly indirect contact and bi-monthly direct contact), although that amount of communication required will vary depending on the stage of the venture.

Entrepreneur Expectations

The entrepreneur will play several fundamental roles throughout the life of the venture:

1. **Leading venture development:**

The entrepreneur will be in charge of leading the development of the venture, including the authorship of business plan. While the intellectual property owner will also be expected to actively contribute to the business plan, the entrepreneur will guide the authorship process and lead efforts in obtaining quality market research and accurate financial projections. After the business plan is completed, the entrepreneur will then lead communications with potential investors.

2. **Providing expertise and resources:**

While the success of the venture is equally dependent on both the intellectual property owner and the entrepreneur, it is the entrepreneur who brings the business expertise and resources. Additionally, it is also usually the entrepreneur that has to offer a formidable professional network.

3. **Executing the venture:**

The entrepreneur's most important role is the execution of the venture once it is launched. Intellectual property owners chosen by SAVD lack the expertise to run a business themselves; therefore, it is ultimately up to the entrepreneur to ensure that the venture becomes profitable. While this may sound like a lot of pressure on the entrepreneur, the incentives they receive are equally great. SAVD's chosen entrepreneurs will have been provided with the opportunity they had been waiting for – it is by definition that they are charged with exploiting that opportunity and creating a successful venture out of it. In addition, SAVD will continually offer its support to make sure that the entrepreneur and IP owner stay on the right track.

SAVD Membership

SAVD will be comprised of members from two categories:

Industry Experts

Much of the expertise that SAVD has to offer comes from its industry experts. While the number of industry experts who are members of SAVD can fluctuate (usually between 10 and 15), the important part is that the industry experts cover a variety of fields. It is crucial that this group includes several scientists and technologists who are able to gauge the legitimacy of intellectual property that is presented to SAVD. The industry experts will play a major role in both selecting which intellectual properties the group will accept and providing guidance to ventures under SAVD.

Advisory Board

SAVD's advisory board will be comprised of one expert in each of the following fields: entrepreneurship, marketing, finance, investing, communications, and intellectual property law. The members of the advisory board are the most active members of SAVD and will play a major role in facilitating the success of every venture that SAVD initiates, regardless of industry.

SAVD Involvement

The SAVD group has a great deal of involvement with the teams that are working with SAVD to create a successful venture. Their involvement starts from the beginning with the selection process by reviewing candidates' applications and interviewing the applicants. Once SAVD has a pool of accepted IP owners and entrepreneurs, it is up to the SAVD group to create a pairing between IP owner and entrepreneur. The SAVD group should have all the necessary information to create a cohesive team due to the thorough interviews the SAVD group had with each applicant. There is a safety precaution in the process of the pairing. If the IP owner spots a red flag, something that alarms them about the entrepreneur, they will be able to report this to the SAVD group. The group will take it under consideration.

After the teams have been established, the SAVD group will meet with each team to provide direction as to where they think the venture should be focusing in on. This will allow the venture teams to head down a path that leads towards a more probable chance of a successful outcome with less severe struggles in the beginning. After the venture team has had time to become comfortable with the direction they will be heading with their venture, the SAVD group will form outlines and timelines with milestones embedded within them. It goes without saying that one must be flexible when being an entrepreneur, but with milestones written down with a timeline and criteria attached, it allows the teams to have something tangible to see and accomplish. Now, as the venture teams do their work in creating their business plan, the SAVD group will give feedback throughout the whole process. This feedback will include what strengths and weaknesses they see in the venture being formed, what could be improved on from a team and business standpoint, and what they are excelling at.

The SAVD group has a good amount of involvement with each venture team to make sure the teams are creating something that has a chance out on the market. Now, of the help being provided by the SAVD members, the two most critical contributions SAVD will provide are resources and network contacts. People of the SAVD group are well connected and have resources that the IP owners and entrepreneurs may not have access to. These two features will provide extra support to the venture teams when they are creating their business plans.

The Selection Process

The IP owner and the entrepreneur will have separate application processes. There will be an application the IP owner will have to fill out. This application will give a background history of the IP owner and what IP they are bringing to the table. The application will include a fee, and this fee will be set by the SAVD group after market research has been done. The market research is done in order to set a reasonable fee that implies that SAVD is a professional atmosphere and the services being provided are of top quality. After the application has been received and reviewed by the SAVD members, the group will conduct a thorough interview with the IP owner. This interview is to get a better sense of who the IP owner is and to see if their IP is something that can be successful on the market.

The entrepreneur will go through an application process similar to the IP owner. First, they will have to create an online profile, which will provide information that of a résumé. It will also include the entrepreneur's business interests. Entrepreneurs will have to pay an annual membership fee that is yet to be determined. Since the entrepreneurs will have access to a wealth of IP, it is felt that it is necessary to have a fee for having access to such opportunities. Also, the fee will bring a legitimacy factor. It will show that this is a professional group providing professional services. The entrepreneurs will have to go through a thorough panel interview as well. This will allow the SAVD members to gain a better understanding of who each entrepreneur is.

SAVD wants to attract and bring in top-tier entrepreneurs, which it plans on doing. McGuire Alumni will be some of the first to be reached out to. The McGuire Center of Entrepreneurship is a nationally renowned program that produces top talent. SAVD wants to bring back these alumni to the community where they were taught the tools of their trade. Other entrepreneurs will be sought out as well.

Involvement Incentives

In order to attract quality members to SAVD and to get their best efforts, there will be an incentive for their involvement. The incentive is equity in the ventures coming out of SAVD. The amount of equity will depend on negotiations between the SAVD group and the venture team, but the range should be around a 3-5% stake. It will be up to the SAVD members to decide how much each individual SAVD member receives and how much stays with SAVD.

Measures of Success

SAVD will have four stages of success. The measures of success are setup in stages to allow the venture teams to gain a sense of accomplishment throughout the entire process of developing their venture and seeing it through the end. It is with hope that the measures of success will provide extra motivation as well. The measures of success at SAVD are:

- Stage 1: Business Plan Development
- Stage 2: Acquisition of Funds/Launch of Venture
- Stage 3: Hitting Milestones for First Five Years
- Stage 4: Successful Exit

There will be no rush in the amount of time it takes to get to each stage of success because every venture is different as well as each market entered. Also, a successful exit does not have to deal with a venture being acquired by a larger company. It could deal with an initial public offering (IPO). Every venture team will be given full effort from SAVD to reach Stage 1 success, as this is SAVD's main priority.

Concluding Thoughts

SAVD was designed to help out three groups: IP owners, entrepreneurs, and Southern Arizona. IP owners who join SAVD will be provided resources and business expertise. The IP owner's intellectual property is their strong suit, and by teaming them up with an entrepreneur with business expertise, their IP can be taken to the next level. The same thing goes for the entrepreneurs, except they lack opportunities or the technological knowhow to create something that the market has never seen. SAVD will be providing entrepreneurs who join with a plethora of quality intellectual property. By SAVD being located in Southern Arizona (Tucson) and having the venture teams start their ventures in Southern Arizona (Tucson) only brings a positive impact to the region. A stronger entrepreneurial climate will be built by having the ventures start and grow in Southern Arizona, and with a stronger entrepreneurial climate comes a better retention rate of talent. Entrepreneurs and IP owners will start to see Southern Arizona as one of the bright spots on the map to develop and grow a business from the ground up. The Southern Arizona Venture Development group looks to and can accomplish all of this with the right people.

Behind the Framework

A portion of the thought that went behind the framework of SAVD was from nationally sought out incubators, such as Y-Combinator and TechStars. Our application process was modeled after these programs. Y-Combinator has applicants fill out an online application with a whole range of questions. If they deem the applicant's application acceptable, they will then go through an interview with leaders of the program. As for leaders of the programs, most of them are technology experts that may or may not be based where the actual program is located. SAVD wants to incorporate experts, but SAVD is looking to have these experts be based in the Southern Arizona region. Also, by looking at what these programs take to fund their operations, SAVD was able to establish an incentive to attract quality experts. Y-Combinator, on average, gets a 7% stake in the ventures that come out of their program. This is due to them offering professional expertise and money to help out the venture. SAVD will only be providing professional services, which is why only a 3-5% stake is being claimed. The Southern Arizona Venture Development group looks to run a successful program through seeing what other successful similar groups have done and through its own ingenuity.